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Economic Impact Assessment

The Creative Sector in the Western Region

Future Growth Trajectories
June 2011

Foreword

In 2009 the Western Development Commission (WDC), published the conclusion of a landmark piece of analysis into the shape, composition and relative importance of the creative economy within the western region of Ireland. The findings outlined in the *Creative West* document showed for the very first time the breadth and depth of a critical part of our socio-economic fabric, heretofore thought of mainly as important only in the cultural context. The WDC found out that with almost five thousand businesses, eleven thousand direct employees and revenues estimated at over half a billion per annum, our creative economy represented not only some of the best of what we are, but also offered a valid answer to what we could aspire to be in terms of a sustainable growth sector offering opportunities in employment, business and indeed quality of life improvements. As such the WDC asked almost three hundred and fifty creative businesses and organisations what exactly it should do to practically realise this creative potential. These inputs formed the basis of the report's recommendations.

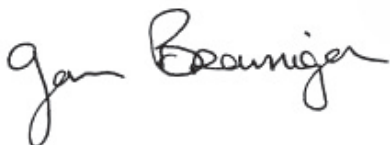
With this baseline established the WDC have now sought to estimate what real difference such efforts could realise to the regional economy and society. In 2010 we commissioned an engagement with creative businesses to determine the economic impact assessment (EIA) of applying the key recommendations of the Creative West analysis. Through the efforts of the *Centre for Innovation and Structural Change (CISC)*, based in the National University of Ireland Galway, we have completed this work and seek to set out the key findings to you in this document.

The results speak for themselves, but suffice to say we believe that through implementation of growth programmes, especially in the area of enabling existing creative goods and services access global markets, real lasting growth is possible and potentially significant in growing both the region's creative and indeed mainstream economy. CISC point out how values such as prestige, options and education are key spill over effects from direct growth of our creative economy, which taken with potential impacts on wider innovation and quality of life improvements indicate how potentially significant developmental efforts in this sector may be.

In summary, the region's creativity is in effect a natural asset, it is immutable and both attracts and retains world class creative people here in the West of Ireland. Directly it pays its way and more, indirectly it is a seed from which inspiration, innovation and achievement grow fruitfully.

The WDC fully intends, with regional partners, to tackle the barriers preventing the regional creative economy from fulfilling its potential and has already engaged with several international partners in a number of practical growth initiatives.

It just remains for me to say thank you to all who have contributed to this piece of work, especially Dr James Cunningham, Dr Patrick Collins and all at CISC NUIG.



Ian Brannigan,
Regional Development Manager,
Western Development Commission

Executive Summary

This work follows on from the publication of the 'Creative West' report by the Western Development Commission in 2009. That innovative report was the first attempt to map out the Creative Sector in an Irish context. A key part of the Creative West document was the publication of a list of recommendations. This economic impact assessment follows on from that report by assessing the growth potential for the Creative Sector in the Ireland's Western Region resulting from the following Creative West recommendations.

- Enable more effective production and development of creative goods and services through establishing **networks of practice**.
- Facilitate **export growth** and domestic sales by effectively promoting the 'Creative West'.
- Facilitate the transfer of creative capabilities into the wider business environment.
- Nurture and develop future creative talent in the region through education.
- Develop creative connectors and hubs in the region to facilitate businesses and operators to work in suitable cost effective environments.
- Accelerate growth of creative businesses through enhanced broadband capacity (particularly the high productivity creative technology sector).
- Establish a national policy for the creative sector as a whole to provide a coherent structure for developing the sector.

The WDC asked us to pay special attention to the first two recommendations above. This piece of work has attempted to measure the outcome of these actions through consultation with the sector. Below we present three development scenarios and a counterfactual 'do nothing' scenario under short (3 year) and medium (10 year) timescales. The high growth scenario is that under which both networks of practice and export growth recommendations are put in place and is the scenario recommended by this report.

The following analysis is based upon data from the CSO, WDC and a survey of 232 creative enterprises working in the Western Region (response rate of 40.6%). Baseline data from the Creative West report acts as a guide. The table below shows the 2010 baseline and the results of analysis under Scenario 3 (Scenario 1 is that in which only Network policies are promoted, Scenario 2 is that in which only Export policies are promoted, Scenario 3 is that where both sets of policies are promoted).

2010 (Status Quo)						
Direct Sales (€000's)	Indirect and Induced Sales (€000's)	Total Sales (€000's)	Direct Employment	Indirect and Induced Employment	Total Employment	Exports (€000's)
206,845	57,922	264,787	8,576	2,401	10,977	56,880
2020 (Scenario 3)						
648,724	181,642	830,367	29,720	8,322	38,042	211,266

The above table depicts the potential economic impact of the Creative sector in the West of Ireland in 10 years time under Scenario 3. Making use of a conservative multiplier of 1.26 for the sector, the above figures are based on predicted outcomes as envisaged by active members of the sector.

It must be noted that the above figures exclude what we term pure Artists. This in no means intimates that Art lacks an economic impact (the opposite is very much the case); rather it is a reflection only of the time and scope restraints faced by the team.

Deadweight is measured by the counterfactual Scenario 0, 'do nothing'. The nature of the sector is such that growth is likely to occur (though not to the same extent) in absence of policy intervention, such is the nature of demand for the products, and innovative nature, of the sector. The nature of the sector would also imply a negligible displacement effect. The growth under Scenario 3 net deadweight is:

	Sales 2020	Employment 2020
Growth (net deadweight)	€338 million	17,542

In the national context, the Irish government's policy document entitled "Building Ireland's Smart Economy" (2008), sets out a framework for sustainable economic development over the 2009-2014 period based on five action areas. One of these action areas, *Creating the Innovation Island*, involves leveraging the Arts, Culture and Creative Sectors as world class business sector. This recognizes the arts, cultural and creative industries as key and primary economic contributors, and acknowledges that the challenges for creative industries differ from those in traditional export sectors. The action area identifies intellectual property protection and commercialisation as top priorities, and advocates a policy supporting research and development (R&D) investment in human and creative capital¹.

Beyond the policy consultation with creative enterprises the team undertook a programme of extensive interviews with representatives of the creative sector. Focusing primarily on policy makers and enactors a number of key points emerged that have also contributed to this analysis:

- Tier 1 recommendations of the Creative West received a resounding endorsement from representatives across the sector, public and private.
- The sector will remain disparate and grow along different trajectories while subject to such a vast array of public bodies / agencies. A dedicated Creative Sector policy will help combat that and develop a coherent development trajectory for the sector as a whole.
- The sector is broad and divided between those focused on enterprise and those of the production/promotion of Art. Creativity is the gel that combines the sector and policy needs to respect that.
- Gaps exist also in support for companies at different stages in their life cycle. The move from micro enterprise to the next level is a difficult one to make in the absence of real support.

This economic impact assessment demonstrates the potential impact of the growth of the sector alone. It also attempts to gauge the spillover impacts of the sector in the region and beyond. Ultimately, this is an extremely difficult exercise such is the far reaching and deeply ingrained nature of creativity in social, economic and cultural senses. In line with the Creative West report, we recognize that the creative sector stimulates innovation in other sectors, plays a key social role and can stimulate both rural and regional development. With this in mind, the region should turn its attention to estimating the costs of not investing in its creative sector. What are the quality of life implications of a place that neglects its

¹ Curran and VanEgeratt (2010)

creativity? How will it look to outsiders (tourists and business investors) if it fails to combine natural talent with a growing economic sector? What of its lived environment? Without a vibrant local industry, one as forward looking (in terms of conservation and innovation) what will appeal to the youth to stay in the region and help build its economy, society and community. These questions echo across Ireland's Western Region and are will form obvious 'next steps' in terms of future analysis.

Acknowledgments

In the main we would like to thank all who participated helping us gather the information on which this assessment is based. That is the companies that took the time to complete our surveys and the representatives of Arts Offices, Community Development Offices, Enterprise Boards, Theatres etc that took the time to talk to us and share their invaluable insights on the Creative Sector in the West of Ireland.

Thanks also go to the staff at the WDC and CISC. In particular:

Ian Brannigan

Joanne Grehan

Mary Keaveney

Dr. James Cunningham

Professor Kevin Leyden

Angela Sice

Valerie Parker

This report was compiled by CISC and commissioned by the WDC.

Authors and Contributors

Dr. Patrick Collins

Aoife Considine

Stephen O'Neill

Dr. Jason Loughery

Dr. Chris Van Egeratt

Dr. Rachel Granger

Professor Kevin Leyden

Dr. James Cunningham

1. Introduction.

Developments around the globe are re-defining media, arts and other related sectors as 'creative industries' which are being recognised for their potential impact on local and national economies. This economic impact assessment builds on previous work commissioned by the Western Development Commission and contends that artistic and cultural activities are not simple by-products of a developed economy but essential elements of economic success and sustainability. Such activities represent alternate forms of expression of human creativity that encourage lateral thinking and thus complement scientific and technological innovation. As we will see, these activities lie at the core of a number of growing sectors in the region, and contribute directly to employment growth and wealth creation².

Internationally, the case for fostering the creative economy is a convincing one. In the ten years up to 2005, the creative economy grew at twice the annual rate of the service industries and four times the rate of manufacturing in OECD countries³. In Europe, the growth of the cultural and creative sector was 12.3% higher than the growth of the overall economy from 1999 to 2003. From an economic perspective, international trade is a key component, from 2000 – 2005, trade in creative-industry products grew on average by 8.7% annually. These figures have grabbed the attention of policy makers here and abroad.

This report was commissioned by the Western Development Commission (WDC) in July 2010 to consider the economic impact of the Creative Economy in the Western Region of Ireland⁴. It builds on previous work carried out by Oxford Economics and the WDC. That work, published as the *Creative West* document in early 2009 informed a great deal of debate at the regional and national level. This work attempts to add a dynamic element to what was a snapshot of the sector.

Terms of Reference

The tender issued by the WDC sought information about the potential impact of implementing the tier one recommendations outlined in the *Creative West*⁵ report for the creative economy in the Western region of Ireland. Significant emphasis was to be given to assessing the economic impact of export growth and networks of practice recommendations as these were the recommendations seen as having the most immediate policy impact. These two recommendations are laid out as:

- Facilitate export growth and domestic sales by effectively promoting the 'Creative West'
- Enable a more effective production and development of creative goods and services through establishing networks of practice.

² Collins & Fahy (2010)

³ Creative Economy report UNCTAD

⁴ The remainder of the report will refer to the Western Region of Ireland. This region is congruent to the spatial remit of the WDC. The Western region therefore includes the following seven counties: Clare, Galway, Roscommon, Mayo, Sligo, Leitrim and Donegal.

⁵ WDC (2009)

2. Background

2.1 The Western Region

The Western region is characterized by its rurality with 68% of the population living in rural areas (outside of population centres of 1,500 persons). This brings with it traits such as high dependence of lower value added activities and unemployment rates above the state average. Yet, these facets do not define the region. It is home to vibrant clusters of economic activity in software and medical devices and has some of the highest levels of educational attainment amongst all EU regions. Its rurality serves it in many ways as a destination for tourists and artists, lower costs (land and labour) which have helped contribute to the high quality of life aspects that the region prides itself on⁶.

Main Characteristics of the Region⁷:

Population 2009 (4 year % change)	762,335 (8)
Persons at work 2009 (4 year % change)	342,000 (8)
GVA (BMW region) [State = 100] 2006	74
Unemployment rate 2009 (4 year % change)	10.8% (-73)
15 – 64 with 3 rd level qualification 2009	28%

2.2 Economic impact assessment

Economic impact assessments (EIA) are used to estimate the cumulative economic effects (sales, exports and employment etc) associated with a specific project or sector of the economy. Such studies are helpful in understanding the potential benefits of different types of growth on the sector in question. It can also help gain support for proposed development of the sector and the adoption of specific policies or action plans that present the most benefits to the development of the sector. EIAs may help target specific sectors to increase economic activity within a region or even to justify certain programs.

2.3 Limitations of Economic Impact Assessment

EIA's have a limitations that are especially pertinent in the case of the creative sector. Strictly financial measures reflect only part of the value associated with the activities and resources of the creative sector. The non financial value of the creative sector extends to numerous social, cultural and even environmental consequences that also should be taken in account when evaluating the contribution of the creative sector to a region such as the west of Ireland. In as much as is possible we refer to these constraints, however only a more comprehensive exercise could deal with them appropriately.

2.4 Defining the Creative Sector

Creative industries can be defined as the cycle of creation, production and commercialisation of products and services that use knowledge and intellectual capital as primary inputs. They deal with the interplay of various subsectors ranging from traditional crafts, books, and visual and performing arts, to more technology-intensive and service-orientated fields such as music and film industries, television and radio broadcasting, new

⁶ White (2009) Creative Industries in a Rural Region: Creative West: The Creative Sector in the Western Region of Ireland. Paper presented to the RSA Creative Industries and the Region Seminar

⁷ CSO 2009 County Incomes and Regional GDP 2006

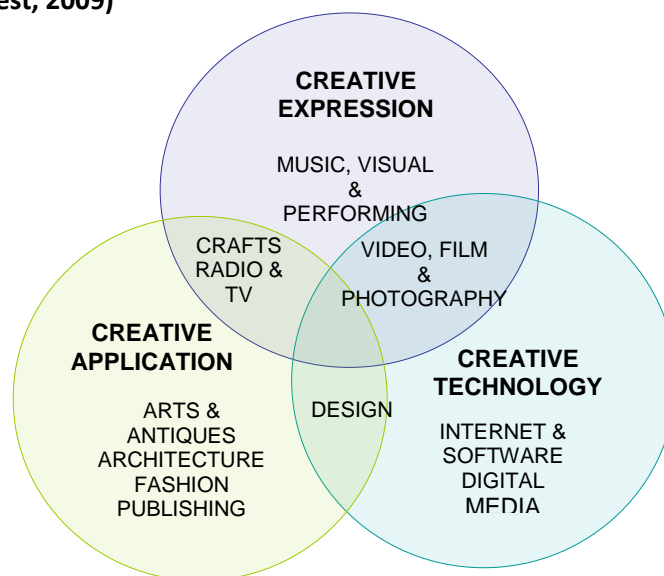
media and design. Today, creative industries are among the most dynamics sectors in world trade. Within the Western Region, twelve individual creative industries were identified and these fall in line with most national, European and International studies.

The Creative Industries are:

- Advertising
- Architecture
- Art and Antique Trade
- Crafts
- Design
- Digital Media
- Fashion
- Internet and Computer Software
- Music, Visual and Performing Arts
- Radio and TV
- Publishing
- Video, Film and Photography

These are further broken down into three broad groups/categories; Creative Expression, Creative Application and Creative Technology. Figure 1 shows a degree of overlap in this categorisation.

Figure1: Sub Sectors and Categories of the Creative Sector (from the Creative West, 2009)



The value of world exports of creative industry goods and services reached \$424.4 billion in 2005, accounting for 3.4 per cent of world trade, with an annual growth rate of 6.4 per cent from 1996 to 2005. Export earnings from creative industries cover the value of exports of all creative-industry products, comprising tangible goods and intangible services in each sub group.

In the European Union, the overall growth of the creative sector's value added was 19.7 per cent in 1999-2003. Its turnover amounted to over €654 billion in 2003, contributing to 2.6 per cent of the European Union's gross domestic product (GDP) and accounting for 3.1 per

cent of total employment or 5.8 million jobs⁸. To look closer to home, in the United Kingdom, the creative industries contributed to 7.3 per cent of gross value added (GVA) in 2005, with an annual growth rate of 6 per cent during 1997-2005, generating nearly 2 million jobs. Exports of creative goods and services from the UK in 2003 totalled £14.6 billion, or 4.5 per cent of all goods and services exported⁹.

The production and distribution of creative goods and services can yield income, employment and trade opportunities, promote growth and development, and foster social cohesion and community interaction. The opening up of world markets from globalization and the growth of ICT's, has given huge possibilities for the commercial development of creative products and services, the creative industries are now one of the most dynamic sectors in economies of the industrialized world.¹⁰

Recognition of this was set out in Irish government's policy document entitled "*Building Ireland's Smart Economy*" (2008), which called for a framework for sustainable economic development over the 2009-2014 period based on five action areas.¹¹ '*Creating the Innovation Island*': involves leveraging the Arts, Culture and Creative Sectors as a world class business sector. This recognizes the arts, cultural and creative industries as key and primary economic contributors, and acknowledges that the challenges for creative industries differ from those in traditional export sectors. The action area identifies intellectual property protection and commercialisation as top priorities, and advocates a policy supporting research and development (R&D), and investment in human and creative capital.

*"Ireland today survives and prospers by the talent and ability of its people. Today's goods and services require high value added input. Some of it comes from technology or financial capital but more of it comes from people's ability to innovate, to adapt, to be creative. In economic terms, the cultural and creative sector is globally one of the fastest growing. Estimates value the sector at 7% of the world's GDP and forecast 10% growth per year. Creative industries are also a key driver of the digital and knowledge economy. Consumer demand for creative content is driving new sales in computers, broadband, cell phones, and ecommerce"*¹²

The EU has also recently begun to quantify and measure the creative industries in a recent green paper titled *Unlocking the potential of cultural and creative industries* (2010). In the report the EU identified the creative industries through their ability to imagine, create and innovate as being one of the key sectors to help Europe remain competitive in the changing global market driving economic growth and job creation. It looked at the dual role of cultural and creative industries in using its local resources, knowledge and creative talent to spur innovation.

Imaginative solutions in many different sectors stem from creative thinking in these industries, ranging from the regeneration or "branding" of countries, regions or cities to the development of ICT skills for lifelong learning, from stimulating research to communicating values in an assessable way, from product and service innovation to the promotion of low carbon and sustainable economic environments, from inter –generational dialogue to

⁸ UNCTAD Creative Economy Report (2008)

⁹ UK Government (2010) Guide to the Creative Industries (see <http://www.idea.gov.uk/idk/core/page.do?pageId=11138810>)

¹⁰ UNCTAD Creative Economy Report (2008)

¹¹ *Building Ireland's Smart Economy* (2008)
http://www.taoiseach.gov.ie/eng/Building_Ireland's_Smart_Economy

¹² *Building Ireland's Smart Economy* (2008) page 80

*intercultural dialogue to intercultural dialogue and community building... Through these spillovers, Europe's cultural and creative industries offer a path towards a more imaginative, more cohesive, greener and prosperous future*¹³

3. Methodology

3.1 Introduction

The *economic impact* of the creative sector goes beyond those individually employed in this area, for several reasons. It can reasonably be expected that a whole range of further dynamic effects may be created by the provision of artistic and cultural output. Studies¹⁴ have outlined the perceived positive impact on a range of variables all of which can be shown to have a longer term impact on the local economy, such as tourism; attachment to community and community confidence; decreasing rates of out-migration and increasing rates of in-migration. Although more specifically mapped within rural areas, these can also be expected to exist in every community with a thriving cultural sector.

A point relating to consistency of figures needs to be made at the outset. Extensive data relating to the Creative Sector in the Western region was assimilated for the Creative West report published in 2009. Data for that report was gathered in 2008. Therefore it was agreed that figure from the Creative West report act only as a baseline for this economic impact assessment, which was carried out in the third quarter of 2010. Baseline figures will, as a consequence, show some differences between this and the Creative West report.

3.2 Secondary data and qualitative interviews

In the context of Ireland, culture and creativity are often too narrowly defined as 'the Arts' with the majority of evaluations of culture in the State having simply been analyses of tourist figures or numbers attending an event. A notable exception to this trend is Quinn's (2005, 2006) insightful qualitative research conducted on the Galway Arts Festival the Wexford Opera Festival. The WDC were ahead of the curve in commissioning the *Creative West* document, the first quantitative attempt to start the conversation of the economic impact of the creative sector in Ireland. Subsequently, the Arts Council commissioned Indecon to produce an assessment of the economic impact of the Arts in Ireland, published in late 2009.

Methodologically, our research relies on both qualitative and quantitative approaches. The data contained within this report was in part derived from an analysis of policy documents, programs, reports and press releases from organizations in the region, State and International bodies; notably,

- Local: City and county Councils across the seven counties, the WDC and county development boards.
- National: Arts Council / Crafts Council Documents, GDA Creative Industries report, Policy Documents (Innovation Taskforce and Smart Economy), CSO publications and State agency documentation (Exporters Association, Enterprise Ireland and the IDA).
- International: OECD, UNCTAD and EU Green Paper. UK Department of Culture, Media and Sport documentation.
- Academic: This work complements and relies on a deal of academic work already carried out / referred to in work by members of the Centre for Innovation & Structural Change.¹⁵

¹³ EC Green Paper *Unlocking the Potential of Cultural and Creative Industries* (2010)

¹⁴ Chalmers, 2003

¹⁵ See www.nuigalway.ie/cisc for working papers.

In addition, a number of in-depth semi-structured interviews were conducted with key stakeholders in the creative sector within the region, arts' organizations, and city councils. Further consultation was carried out over the phone with a number of national stakeholders¹⁶. The interviews were conducted from August to October 2010. Interviews were conducted with respondents from Artistic, Commercial and Policy backgrounds, with a primary focus on the latter. Perspectives differed widely especially between the Artistic and Commercial¹⁷ representatives of the sector reflecting the more fundamental issue of a sector broadly defined. This is part of our rationale in focusing on the enterprise end of the creative spectrum. Again, we must state that we in no way discount the economic (and multiplied social and cultural) contributions of pure Arts, but time and resource limits meant that we were unable to encompass the two in our survey.

The tenor of these interviews focused on the Tier one recommendations which this report is based on. Valuable policy insight has informed the final chapters of this report, commercial and artistic perspectives also provide context for the results of the quantitative analyses. Qualitative interviews are often cited as a means of gaining greater insight into the respondents' feelings, experiences and beliefs which are important because of the ideological nature of the subject material. This research approach ensured a meaningful insight by exploring core beliefs in respondents regarding the place of creativity, be it commercial or artistic. We correlated responses from representatives of different sectors (namely commercial and cultural) to demonstrate the divergent attitudes regarding the place of culture in the region's development. Some argue that there are a number of instances when qualitative methods are crucial, such as enabling local grounding and substantial depth¹⁸. These are key requirements when organizational and human processes are observed.

3.3 Quantitative Analysis

This report relies on the following sources of data:

1. CSO data for place of work (POWCAR data) (available for 2007)
2. A survey of a representative sample of creative industries in the west of Ireland carried out in September 2010 (current)
3. WDC data (including the baseline data compiled by Oxford Economics for the Creative West report) (available for 2008)
4. Consultations with creative economy representatives (current).

1. CSO POWCAR data: POWCAR allows you to see the exact location of specific employment locations (250m resolution), the home location of those workers (origin-destination flows) and a breakdown by a series of variables (age, gender, distance travelled, mode of transport, education and industry). This has proved valuable for context and enabled inferences to be drawn.

2. Our Survey: This survey was compiled over a number of weeks and went through many iterations with the project team before being piloted with 7 creative industries. A copy of the survey (see Appendix) was emailed to 232 industries across the region, representative of subsector and geography. Making use of a software programme 'Qualtrics' respondents

¹⁶ See Appendix

¹⁷ Key issues that emerged in interviews with commercial actors regarding the West as a location to carry out business (such as the cultural /bohemian vibe in the region and the generally high quality of life) acted as the main themes for exploration in the more recent interviews with the city's cultural actors and institutions.

¹⁸ Miles and Huberman (1994)

were pointed to a link to fill out the survey on-line. To boost the response rate reminder emails were sent before the industries were contacted over the phone. In total we received 93 responses, representing a healthy response rate of just over 40%. We must note however that although representative of the creative industries, this survey was not sent to Artists for reasons already explained.

3. WDC data: Data was drawn down from the *Lookwest* website hosted by the WDC. There, contact details of 1,006 creative industries in the west region were gathered. Baseline data compiled by Oxford Economics was used as reference.

4. Stakeholder consultation: Interviews inform qualitative work in the main, however, a number of direct questions pertaining to data can also be of quantitative relevance.

3.4 Exclusions

As surveys never yield a one hundred percent response rate some figures must be inferred to complete a dataset. Inferences were drawn from the information gathered from each completed survey along with publicly available information. This (grossing up) approach is often used by the Quarterly National Household Survey (CSO) to develop the national income and products account for example.

The nature of the survey itself is one that is focused on the enterprise end of the creative spectrum. Time and space constraints made it impossible for us to be anymore comprehensive with regard the scope of the survey. The nature of the survey itself, reliant on tier one recommendations would imply that our focus on enterprise over art was correct.

For this reason amongst the three sub-categories, responses are slightly over-represented in the Creative Technology subsector, the opposite is the case for creative application. In as much as it is possible we have tried to compensate for this in the data presented here. Other problems with our survey include usual problems of respondents not answering all questions, for this reason the number of responses may differ on different figures / tables.

The team also identified a number of issues with the baseline research for the Creative West document. Not least of these was the fact that responses to a survey conducted in early 2008 could not take full account of the current economic crisis. Other reporting issues have forced us to use the data as a proxy measure against which we set our survey data alongside State data sources.

Our method of deriving sales, exports and employment growth involved asking the respondents directly. This will also explain a difference in the reported figure for sales here and in the Creative West report (supplementary factors are: two year time difference; our survey was not as comprehensive as it did not include a large segment of the Creative Expression subsector; we were also forced to exclude outliers such as foreign-owned technology operations whose reported figures somewhat skewed the data). Our figure for sales is a summation of those reported by each of the respondents that were then grossed up by subsector. It differs from the Creative West figure (a figure that is absolutely higher) for the reasons listed above plus differences in the grossing method.

Theoretically, from the economic perspective, assessing culture and creativity in the region has been long regarded as a move towards a positive revaluation of urban and regional assets. However, within the creativity discourse, the methods used by the majority of studies to determine a region's cultural assets and potential have been criticized for their attempts

to quantitatively identify and value this potential. Landry and Woods note that the majority of evaluations on the economic impact of culture on a city to date are 'largely quantitatively driven focusing on tourism figures and levels of participation'¹⁹. With respect to this argument we supplement our work with qualitative analysis.

3.5 Forecasting and the Economic Multiplier

One aspect of the way creative industries contribute to the is the way their activity, and the incomes they generate, create demand for goods and services in the wider economy. To assess this we employ *multiplier analysis*. Multipliers are estimates of an industry's *backwards linkages* (demand for suppliers output, effect of wages, etc) and *forwards linkages* (the relationship between creative output and the industries that purchase it)²⁰.

Such is the nature of the Creative Sector, young, educated, largely bespoke, technologically advanced, increasing demand for its outputs, economic forecasting is in the main positive. Across the developed world, economic multipliers for the sector are strong and positive, usually out-weighting the multiplier effect of any other sector.

Internationally a number of EIAs have been carried out across different geographies for their respective creative / cultural sectors. In the main, the value of multipliers have been large relative to more traditional sectors:

- Canada: Creative Sector in British Colombia. Multiplier of 1.62 (Type 1)
- New Zealand's Creative Sector. Multiplier 1.50 (Type 1) 2.10 (Type 2)
- Scotland's Cultural Sector. Multiplier 1.83²¹

Our multiplier is somewhat more conservative than those listed above. Our multiplier for indirect and induced effects is 1.26. After consulting with experts in the field we derived this figure from comparative cases in similar geographies and also in relation to the Irish economy as of the end of September 2010. There are a number of reasons for this more modest calculation, primary is the economic climate in the country and the analogous effects on the marginal propensity to consume and tax. In line with a recent report published by the Arts Council, we see the above figure as prudent for an open Irish economy is its current stage in the economic cycle.

Our forecasting of sales and employment is carried out by comparing recent figures on each to those which we have grossed up from our survey (see Appendix 3 for more detail). Projected sales and employment (from survey) gives a truer picture of the forecasted future for the sector in the western region of Ireland.

4. Economic Measures

4.1 Introduction

The need for an evaluation of the economic impact of the creative sectors, in the Western Region is of great importance. Ireland's economy has changed from a reliance on agriculture and industry to knowledge based manufacturing and services. The creative sector and especially the creative industries are potentially in strong position to drive growth and

¹⁹ Landry and Woods (2003; 53)

²⁰ - *Indirect effects* – arising from the impact of a given industry's demand for supplying industries' output

- *Induced effects* – arising from the stimulus to consumption from incomes generated in the original industry and its suppliers

²¹ Canada, Scotland and NZ Economic Impact Assessment's

stimulate job creation. This potential for growth is due to the sectors links with innovation, new product development, original or unique ventures and ties to cultural and artistic fields. Creative industries are becoming a priority economic sector worldwide and are not only linked to urban areas. Creativity and innovation have a strong and distinctive and regional dimension.

4.2 The Creative Sector in the Western Region

The creative sector in the Western Region as identified by the WDC *Creative West Report* is made up of a diverse scale of businesses ranging from individual artists to large creative companies employing upwards of 11,000 in the region. Across the seven counties there is a spread of local specialisation from music to technology, craft and design. The nature of the work carried out in the sector is that it is innately bound to the unique geography of place. Location patterns also separate the sector from more traditional industries (rural location for inspiration, see Creative West and other work by the authors of this report²²).

As already mentioned our study focuses more on enterprise than on artistry. For reasons of scope and accuracy we have excluded the vast majority of Artists from this analysis. By no means are we discounting their economic contribution, which we see as significant (indeed, their exclusion has decreased the overall value of our economic multiplier) but time and analysis constraints made two separate analyses impossible.

For that reason we have an employment and enterprise count differs from that of the baseline research carried out by in the Creative West Document. For this reason also we can argue with some degree of confidence that the following scenario analysis offers a conservative prediction on the future growth rates for the industry.

22010 Figures

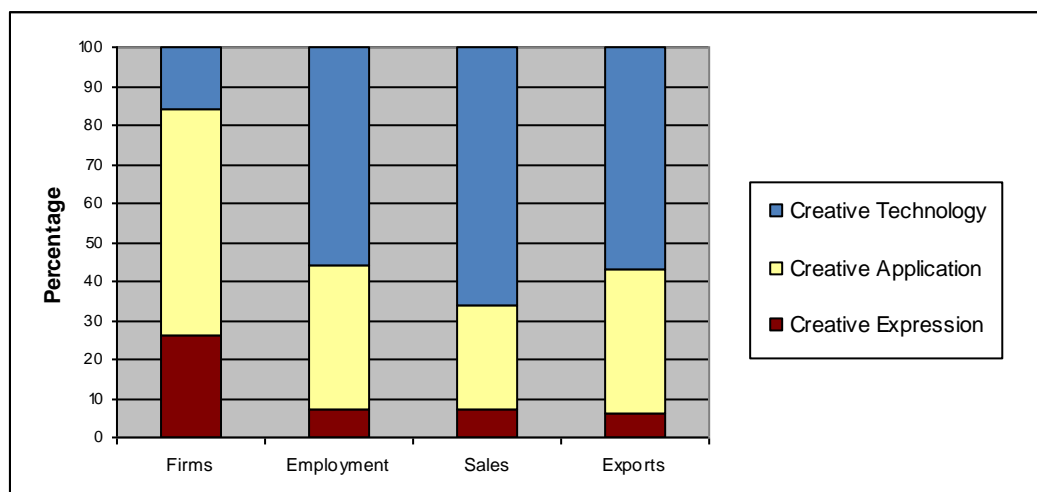
Number of Firms	Direct Sales (€000s)	Direct Employment	Exports (€000s)
1,156	206,845	8,576	56,880

Starting with sales, the sector reported total sales (grossed up from survey averages) of €206 million for the 12 months up to September 2010. The numbers currently employed in the sector stands at 8,576 (Full time equivalents) of which 7,774 are employed on a full time basis. Exports for the sector are shown to be close to €57 million for the year.

This sector comprises three sub categories as outlined in figure 1 – the breakdown works out as follows.

Figure2: Percentage Contribution of the Creative Sector

²² Creative West (2009); Collins (2009); Collins and Fahy (2010)



What is immediately obvious from the above graph is the disparity in subsector breakdown between number of firms and the employment, sales and exports. This speaks to a scale difference that separates the Creative Technology (for example, Internet, software and graphic design companies) sector from application (architecture, fashion, publishing) and expression (music and performance arts). Technology companies are bigger than their counterparts (the presence of a small number of multinationals in the West had to be excluded as they were outliers) in terms of number of employees per firm. This is made more obvious by the respective contribution of the subsector in terms of employment, sales, and exports. The contribution of enterprises in the application subsector is noteworthy, the scale issue (as well as being under-represented) and the micro-enterprise nature of the firms in the expression sector is also made obvious by the above graph.

4.4 Networks of Practice Economic Impact

An explicit interpretation of Networks of Practice may be necessary at the outset. According to the WDC *"In the main the creative businesses saw NOP's as both focussed within like minded creative sub sectors e.g. Digital Media groups exchanging skills and product details within the region, however NOP's also where needed to link creative groups with the wider industrial network to drive ideas and opportunities"*.

The creative sector of the Western Region is largely made up of self-employed individuals or business comprising of less than 10 employees. The dominance of small businesses presents significant challenges for the development of the sector as these businesses find it hard to compete for larger clients. By being part of a network of practice or strategic business alliances is one way small businesses can attract and secure larger clients.

A network of practice is a set of various types of informal, emergent social networks that facilitate information exchange between individuals with practice-related goals. What distinguishes a network of practice from other networks is that the primary reason for the emergence of relationships within a network of practice is that individuals interact through information exchange in order to perform their work, asking for and sharing knowledge with each other. Finally, the network need not necessarily be restricted to include those within one occupation or functional discipline rather it may include individuals from a variety of occupations.

Communities of practice are a localized and specialized subset of networks of practice, typically consisting of strong ties linking individuals engaged in a shared practice who typically interact in face-to-face situations. While electronic networks of practice, which are often referred to as virtual or electronic communities and consisting of weak ties in electronic networks of practice, individuals may never get to know one another or meet face-to-face, and they generally coordinate through means such as blogs, electronic mailing lists, or bulletin boards.

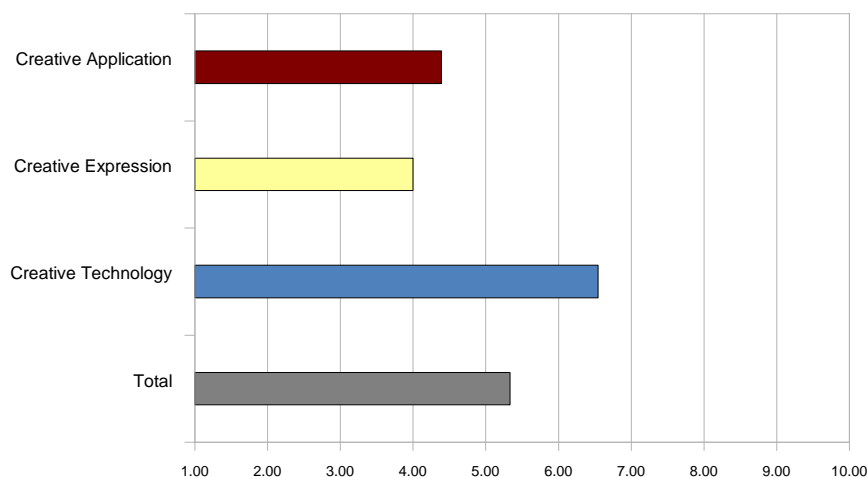
Also a network can be used to promote a given sector, to enable group branding and marketing. This type of network is usually spearheaded by an organisation set up to structure the sector, such a network is usually composed of members or businesses from that sector. These types of networks can also be involved in support and training through mentoring, partnerships and development guides. Such networks aim to develop the sector for its members but may not be involved in specific business lead goals. These networks can form from a collective of individuals, small companies and businesses who come together to develop their businesses or sector better but they can also be lead from a public body or agency such as a local council.

4.4.1 Results

The figure below demonstrates the untapped potential for building networks of practice within the West's creative sector. Respondents were asked to rate how much networking they carry out on average and place it on a scale of 0 (being very little) to 10 (being highly networked). The result for the sector as a whole is 5.3 which reflects a lack of connectedness across the region²³. This echoes the findings of the Creative West report, we see it as an obvious starting point in terms of actions to address promoting the sector.

The differences between the subsectors can also reflect what might be termed the enterprise bias with Creative Technology operations seeing themselves as more highly networked than their Application and Expression counterparts.

Figure3: Amount of Networking carried out by Creative Businesses in the Western Region (scale 1 to 10, one being not a all, 10 being highly networked).



Supplementary results show that the make up of networks dictates an actors willingness to become involved. The majority of respondents ranked public institutions (local enterprise

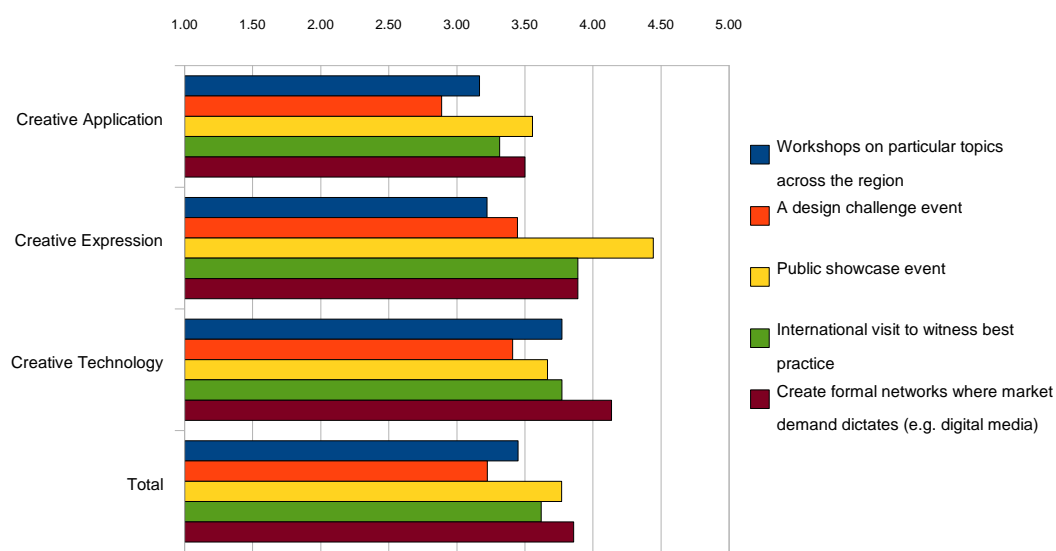
²³ International comparisons with the creative sectors in the Midlands of the UK, show that the western region of Ireland falls much further behind the average response of 7.1. See Granger (2009) for more details.

boards, regional agencies and national bodies) as those partners with whom they are likely to network the most. This, in part, explains the urban bias in the location of network partners.

The outward looking nature of the creative sector is demonstrated by the willingness of creative enterprises to network with other operations outside of their own sector (this is again highest amongst the Creative Technology subsector). Findings here also reflect international studies that see respondents express a preference for networks with a fewer amount of actors and stronger ties over networks with a large amount of actors and weaker ties. Infrastructure (both physical and telecommunications) is the key enabler and barrier to networking for all creative enterprises, in general seen as adverse for those in rural locations and favourable for those located in more urban areas.

Preferred formats for networking are depicted in the following bar chart. Again differences between subsectors are in evidence with Creative Application occupying a middle ground between Creative Expression and Creative Technology.

Figure 4: Impact of networking format (scale 1 to 5, 1 being no impact, 5 being high impact)



Not surprisingly Creative Technology enterprises are more influenced by market demand in the formation / promotion of their networks while public showcasing of activities / products is seen as a better network of practice by representatives of the Creative Expression subsector. Creative Application respondents place equal weight on both. In general, this graph reveals a positive response to the Tier 1 recommendations regarding the promotion of Networks of Practice.

4.5 Exports

For many factors, beyond the scope of this report, Ireland has found itself in the midst of economic recession. In part sparked by the global credit crunch it was internal domestic factors that played a large part in bringing about an end to the 'tigerish' economic growth that defined the economy for much of the 1990s and 2000s²⁴. The fall off in domestic demand has had a cyclical effect on the rest of the economy that has seen negative growth statistics spill over from the construction sector to all sectors of the Irish economy.

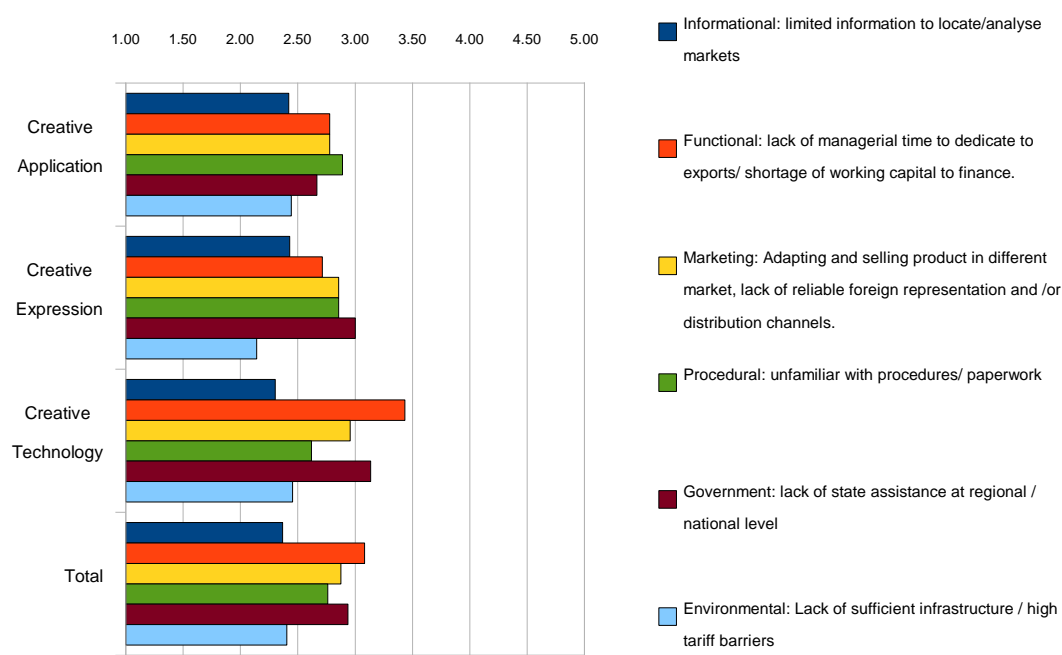
²⁴ Collins forthcoming

The reality is such that it has become more imperative than ever before for Irish enterprises to look beyond their border to sell their wares. Ireland is a small open economy and as such, is highly dependent on international trade. Many see it as the only way for the economy to return to positive growth. Recent figures from the exporters association of Ireland show that the export sector has commenced something of a turnaround, led by services sector: “The rapid return to growth in global markets was particularly evident in the stellar performance of the Irish Services exports sector which continued its very strong growth pattern and rose by €2.2 billion to €34.6 billion in the first half of this year. In its recent publication on commercial services the WTO reported that for 2009 Ireland was ranked as the 9th largest commercial services exporting nation, up from 11th position in 2008”²⁵.

4.5.1 Results

As with networks of practice, this is seen as a unique area of exploitation for the West of Ireland. As we shall see below, barriers to exporting are primarily relating to the issues of scale. Figure 5 shows biggest barrier to exporting for the Creative Sector (those not exporting as well as those who have exported) as a whole is what Leonidou (2004) in his widely cited paper terms ‘functional’. In its simplest form this refers to labour and cost (ostensibly scale) constraints as the main reasons for not exporting.

Figure5: Main barriers to exporting (scale of 1 to 5 where 1 is low and 5 is high)



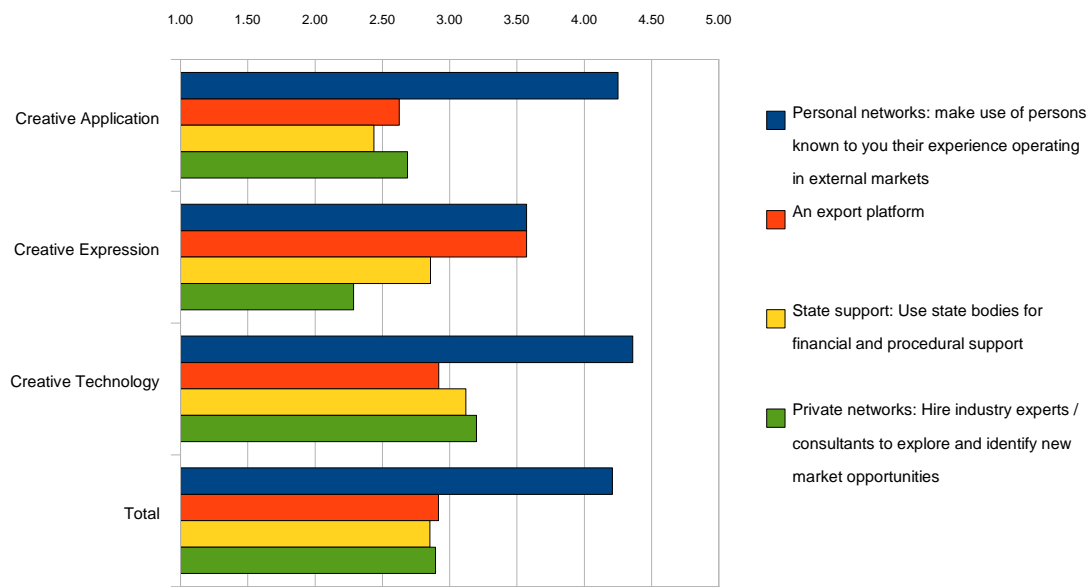
Again, this chart demonstrates some difference between the subsectors. Creative Technology ranks functional as its largest barrier to export, while those in the Creative Expression subsector seek more aid in terms of State funding, those in Creative Application find red tape as their barrier to exporting. For the sector as a whole, information (knowledge of external markets) barriers are the least restrictive.

²⁵

<http://www.irishexporters.ie/section/IrishServicesExportsContinuetoExpandRapidlyAgriFoodDrinkExportSectorsShowingReturntoGrowth>

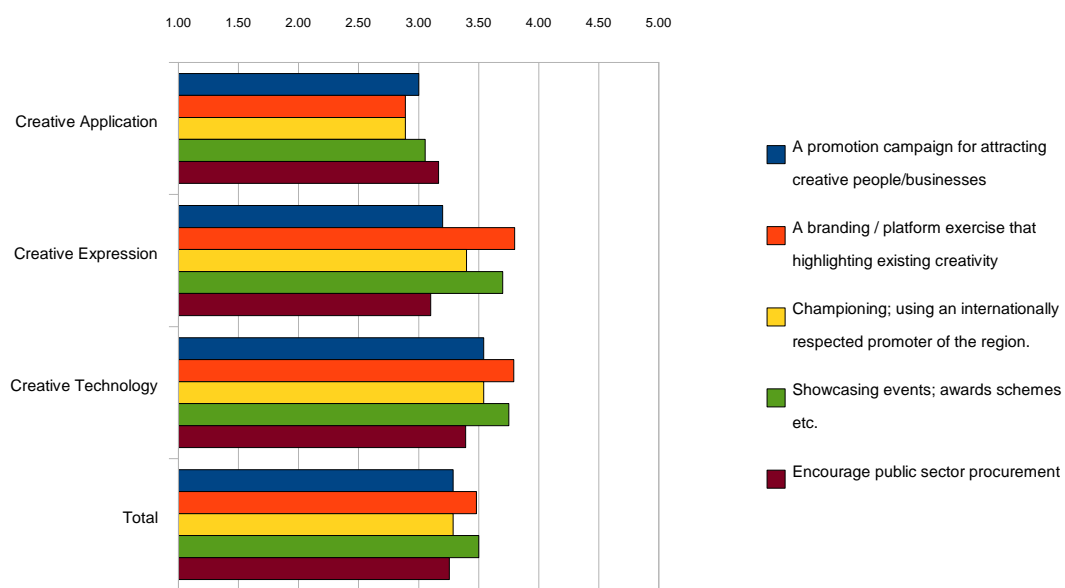
In terms of promoting exports, respondents were offered a number of choices as to how they (in their experience to date) have promoted exporting. Broader consensus existed here with all subsectors identifying personal networks as their primary route to market heretofore.

Figure 6: Rating of Routes to Market (scale of 1 to 5 where 1 is low and 5 is high)



With regards to Tier 1 recommendations, all were positively received as future policy proposals. The figure below shows that respondents favoured two courses of action equally, an export platform / branding exercise for the western region where companies could come together to promote their products and services. Equal weight is given to showcasing events as listed in the Tier 1 recommendations.

Figure 7: Opinions on Export promotion strategies (scale of 1 to 5 where 1 is low and 5 is high)



Many respondents see their routes to exporting being determined by their willingness / ability to network with other firms in the region. The entrepreneurial disposition of the sector is reflected by a lack of reliance on public sector procurement.

While our export figures show significant growth, concern might be expressed as to the lack of match with comparator sectors. There are a number of reasons for this. Amongst these is the reporting in the survey that targeted employers. Employers like to envisage higher sales at lower costs. Secondly, the evidence gathered that shows that the creative sector does not conform to the same patterns as established sectors. Qualitative interviews alongside survey responses show that there is something a 'growth trap' in existence for indigenous industries. This refers to a point of critical mass being reached by an organisation which then sees the next stage of development (entering wider export markets) as undoable. In other sectors these operations have been referred to as 'lifestyle' companies.

4.6 Spillovers and Supply Chain

In 2006, the European Commission issued a study on the economic potential of culture and creativity for achieving the goals of the EU's Lisbon Strategy. The study showed that creative industries were not only important economic drivers in their own right (responsible for 2.5% of job creation) but are growing at a higher rate and have a greater potential for creating growth outside their sector. Cultural industries stimulate marketing, communication, human resources and product development. The reality is that the shape of the world economy is changing; expenditure on culture and recreation goods and experiences has increased nine fold in the UK over the past 30 years²⁶. It is these immaterial goods that have the greatest multiplying / spillover effect.

The extent to which the creative economy reaches beyond its sectoral boundaries is depicted in work that looked at the Danish film industry, and Finnish creative sectors²⁷. Analysis of interviews with representatives from the film and TV subsector and those involved in digital media was carried out and showed that inter-sectoral collaboration is stronger than intra-sectoral linkages. A major factor in this is the intermediate input nature of the creative sector produce. Digital content is becoming an important enabler across the economy, and especially in the services sector. This translates directly into the competitive advantage and innovation capabilities of other sectors of the economy.

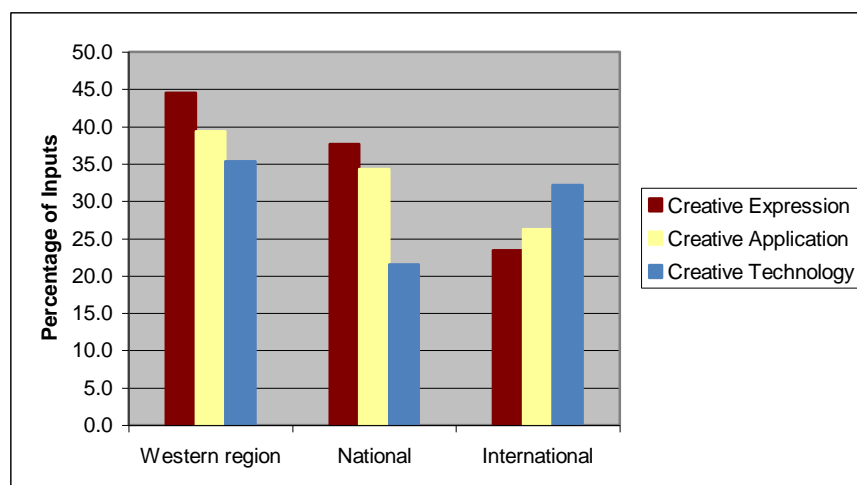
Figure 8 speaks to the nature of the supply chain in the context of the Western region. Our survey carried questions that asked the respondents to geographically situate their backward and forward supply linkages. In relation to other industries such as Ireland's pharmaceutical or hardware industries the geography of supply chains are relatively tight²⁸. The following figure shows the source of inputs (labour, raw materials etc) on three scales (local, national and international). Across all three sectors, local inputs accounted for the highest share. Creative technology is the most dependent on internationally sourced inputs where Creative Expression was least dependent on international inputs. Sales for the sector also speak to a tight geography with local sales again of most importance to the majority of respondents. While this again reflects issues of scale, it also speaks to a higher level of sustainability in terms of more local supply chains, which in itself is a considered 'green' merit in the case of the creative sector.

²⁶ Office of National Statistics.

²⁷ Danish Experience Economy

²⁸ Jordan and O'Leary (2004)

Figure 8: Percentage Inputs by Location



4.7 Education, Hubs and Infrastructure.

Owing to space constraints our survey was not able to address all Tier 1 recommendations, though some inferences can be drawn from the data gathered. To provide these with a more solid grounding we use examples cited during our consultative interviews. This is far from a definitive snapshot of the region, more a reference to examples of best practice as referred to by industry and public support personnel.

Table 6: Education, Hubs and Infrastructure

	Education	Hubs / Platforms	Broadband
Rationale	National and international policy and practice is promoting creativity at all levels of education. Creativity and innovation are seen as highly interlinked. A creative workforce is seen as imperative to advancement in the Smart economy.	This relates to issues of scale and critical mass. The joining of industry (physically or virtually) together has an increasing effect through collaborations, shared ventures and targeting broader/bigger consumer groups.	A virtual 'on-line' presence enables enterprises to overcome traditional geographical constraints. This is particularly relevant to the creative sector in the West of Ireland because of the spatial remoteness but also because the ease with which a large amount of creative produce can be marketed on-line.
Regional Examples	- A number of Arts offices act as go between for Artists and Schools, placing Artists in residence.	- Examples range from Design Houses, alongside a number of Arts studio support provided by	- A number of creative enterprises are heavily reliant on sales through their on-line presence

	<ul style="list-style-type: none"> - Design Centres and Innovation Centres attached to Regional ITs and NUI, Galway. 	<ul style="list-style-type: none"> Arts Offices and Enterprise boards. - 091 labs in Galway city. A community-funded physical space for collaboration, sharing of ideas and skill-swapping between musicians, artists and programmers 	<ul style="list-style-type: none"> - A large number of respondents to the survey found the lack of high connection speeds a serious impediment to doing business in a rural location, forcing one respondent to move to city location recently.
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5. Scenario Analysis.

5.1 Introduction

Our four scenarios are set out below (see appendix 3 for further details on Scenario Analysis). In order to gauge the economic impact of the sector over the next two time periods (3 years hence, and 10 years hence) we have used a number of methods. The primary predictor comes from the survey of 234 companies actively working in the sector. The results are a composite of the multiplier effect (1.26) plus the sector predictions on growth in turnover, employment and exports. From what we see below a positive picture emerges.

Scenario 0. 'Do nothing' scenario

No public intervention. This scenario equates to no further policy support to promote growth in the creative economy. Ultimately, this scenario is our lowest growth scenario. That said, the figures below show positive growth across all measures, this is based on firm projections and a conservative multiplier effect that pays heed to the recessionary times. As already mentioned, there are a number of reasons for this:

- It's a young, well educated sector that is technologically adept. Our survey shows a high percentage of start up operations that forecast growth (albeit from a low base) for the next ten years. According to KEA (2006) Creative workers have much higher level of educational attainment compared to the traditional industry counterparts (46.8% compared to 25.7%²⁹). Survey results add to this and provide evidence of the majority of firms in the sector having their employee's upskill in the past 3 years (more prevalent for the Creative Application and Creative Technology subsectors).
- Nationally and internationally the growth rates for the sector (in spite of recession) remain positive and greater than those of traditional sectors³⁰. Demand for creative products remains high.
- Domestically, Ireland mimics international trends in the shifting of the market towards discretionary purchases and the increasing importance of the youth market.

²⁹ KEA (2006), The Economy of Culture in Europe, European Commission

³⁰ DCMS

Creative products are leading the change towards 'experiential' products defined by technological and user friendly qualities (i.e. the rise of the App economy).

Scenario 1: Promotion of Networks of Practice

In line with tier one recommendations from the *Creative West* our second growth scenario assumes a number of levels of support for the promotion of networks between actors in the creative sector. Alongside the multiplier effect over time, this scenario asked respondents to rate the potential impact of the following network promoting policies:

- Organise a series of events across the Western Region for business people from the creative sector to have an opportunity to interact with each other and establish networks of practice. Such events would need to provide a very clear benefit to encourage participation, such as the information attendees will receive or the business connections they will make. Events may take the form of workshops on particular topics, a design challenge event, a public showcase event, a conference, an international visit to witness a best practice model etc
- In certain creative industries a particular market need may require the establishment of a formal network. Such networks should be driven by a tangible need being expressed by business people in a particular creative industry e.g. architects, digital media.

Scenario 2: Promotion of Exports

As above this scenario assumes that public support to help creative industries in the west of Ireland promote and export their goods and services are adopted in line with the *Creative West* document. Again alongside the multiplier effect, respondents were asked to predict the potential impacts on growth by the putting in place policies to support exporting such as:

- Devise a marketing strategy and campaign for the 'Creative West' to promote awareness of creativity within the Western Region. This would focus on raising awareness of the current creative sector in the region, highlighting the attractiveness of the region for creative people/businesses and profiling the creativity of the region.
- Create a strong brand for use in the marketing campaign. The brand should contain a simple core message which signifies the creativity of the Western Region. An example would be the IDA campaign 'Knowledge is in our nature' (www.idaireland.com). The actual act of branding the campaign may also be used as a public relations element of the campaign.
- Identify a highly respected 'champion' of local and international reputation who could increase recognition of the sector's role in delivering a sustainable and desirable region. This 'champion' could be the leading voice that represents the Western Region's creative sector and ensures there is a consistent message.
- The marketing campaign may incorporate showcasing events, a creative conference and /or a regional creative awards scheme to profile local talent. Such events would be an element of the networking activities outlined above.
- Encourage the public sector to take a leading role in purchasing creative products and services as they have previously done with fair trade products and renewable energy. The Beacon Scheme in the UK is an example (www.beacons.idea.gov.uk).

Scenario 3: 'High growth' scenario

Assumes scenarios 1 and 2 are in place in tandem and gauges the economic impact of promoting the sector on both lines.

5.2 Ten year projections

The following table depicts our current baseline for the creative sector in the West of Ireland.

Status Quo

Status Quo						
Direct Sales (€000's)	Indirect and Induced Sales (€000's)	Total Sales (€000's)	Direct Employment	Indirect and Induced Employment	Total Employment	Exports (€000's)
206,845	57,922	264,787	8,576	2,401	10,977	56,880,905

Comparison between the this and the following table for the economic impact for 2020 gives us the potential impact of the sector in 10 years time, excluding any policy interference.

Scenario 0: 10 growth potential

2020 (Scenario 0)						
Direct Sales	Indirect and Induced Sales	Total Sales	Direct Employment	Indirect and Induced Employment	Total Employment	Exports
310,768	87,015	397,783	12,178	3,410	15,588	106,716

The above makes for positive reading and as mentioned already is reflective of dynamic growth in an emerging sector. The following table combines the predicted policy effects to give the following results.

Scenario 3: 10 year growth potential

2020 (Scenario 3)						
Direct Sales	Indirect and Induced Sales	Total Sales	Direct Employment	Indirect and Induced Employment	Total Employment	Exports
648,724	181,642	830,367	29,720	8,322	38,042	211,266

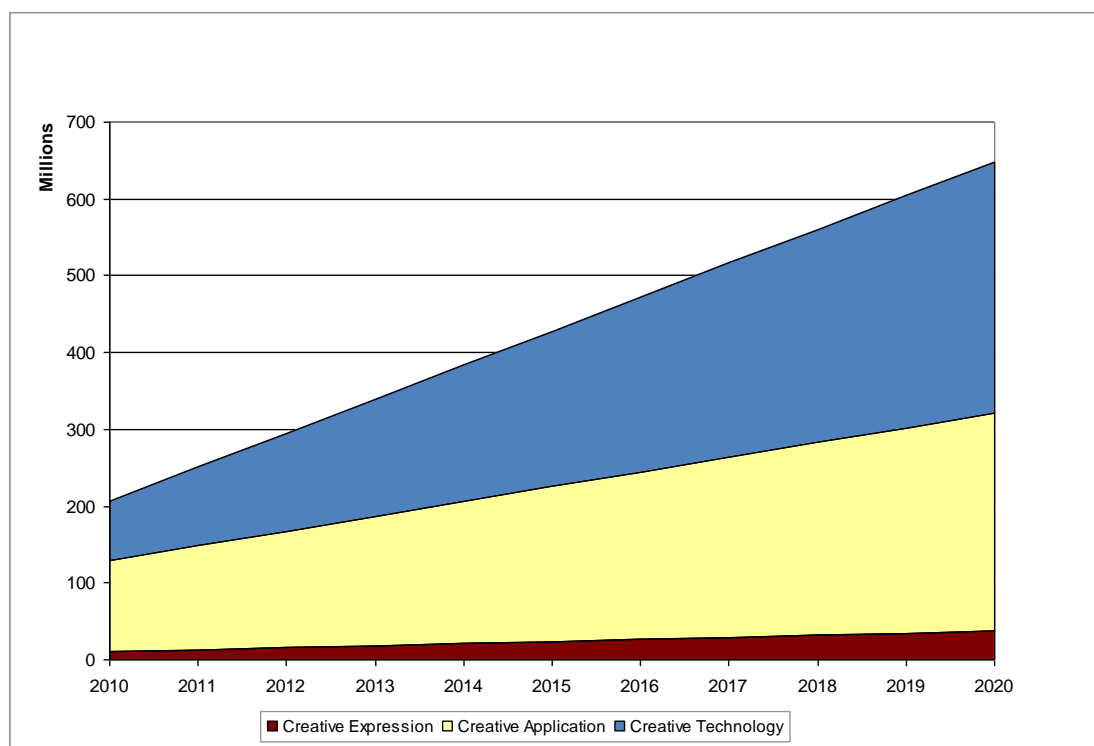
This table maps out the combined predictions of the impacts of the Network and Exports policies laid out above. Scenario 3 is our high growth scenario and gives us an idea of the potential for this sector in the West of Ireland. Laying this over, population and labour force

projections as well as previous output predictions, we see from the above table the emergence of a sector of real significance for the economy of the West of Ireland. The assumed conditions are laid out in the support mechanisms listed under the Tier 1 recommendations of the *Creative West* report. Network policies and export policies are individually marked as positive, with their respective impacts on sales, employment and exports as listed below.

5.3 Sales

Sales provide a good metric from the health of the sector. Future scenarios for growth look strong. While this is in part explained by a slightly depressed starting point, it is the nature of creative products (high value, unique, fashion leading) that accounts for a large part of this growth. Sales show a strong upward trend across the whole sector, but the area of Creative Technology leads the growth trajectory.

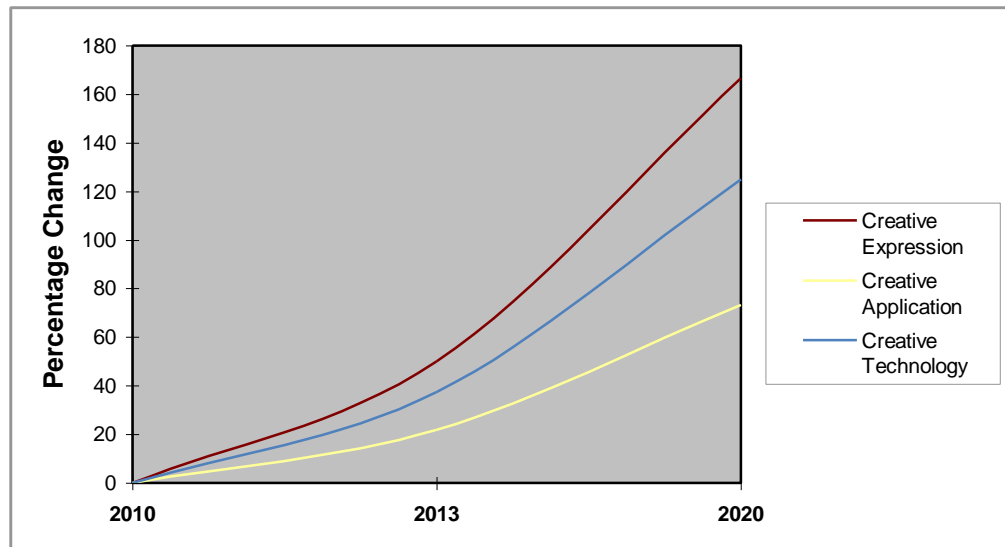
Figure 9: Direct sales growth (Scenario 3)



Differences are in part accounted by the nature of the products as well as the maturity stage of the respective subsectors. The prospective policy impact of Scenarios 1 and 2 also differ between the subsectors. Scenario 1 predicts a sector (and subsectors) that are more highly interconnected. The promotion of the region as a brand as well as a cross regional platform for collaboration have positive impacts for the sector as a whole. Creative Expression sees the Tier 1 recommendations on networking as having the greatest impact on sales in the

near future. Creative Technology sees increased networking as benefiting sales growth more over the medium term, this is also true of the Creative Application subsector.

Figure 10: Sales Growth (Scenario 1)

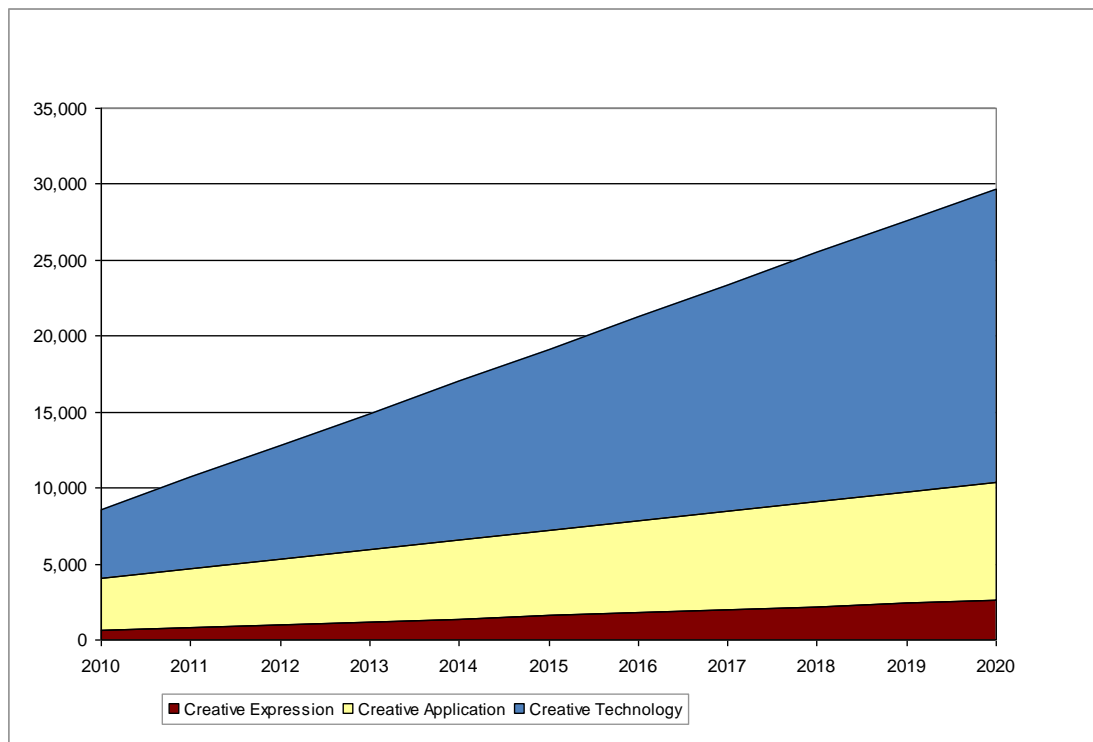


Scenario 2 envisages a policy reality in which firms have a much clearer route to an export market. Under this scenario, the region wide platform and branding creates scaled up presence for enterprises in the Western region. Sector wide the impacts are predicted to be similar to those for networking, with average growth over the short term and medium term predicted at 35.1% and 120.2% respectively.

5.4 Employment

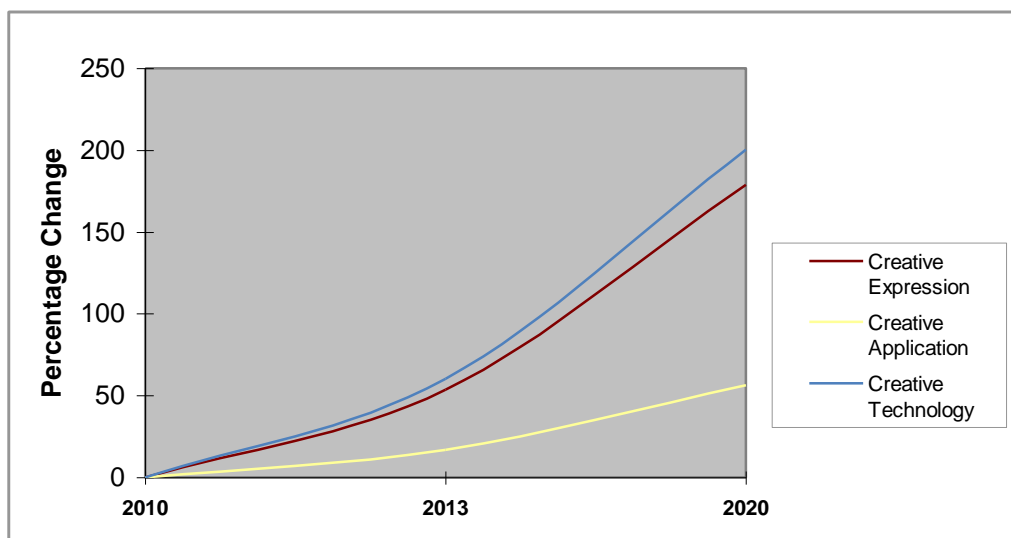
Predicted employment figures are a good barometer of the potential production capacity of the sector. Considering the current climate (the region is suffering from its highest unemployment rate for 20 years) the growth prospects for numbers employed in the sector warrants attention. From its current status as equating to near 3% of the total employed in the region, predictions for growth are strong representing over a twofold growth in absolute terms leading to the sector potentially accounting for upwards of 5% of the workforce of the region by 2020.

Figure 11: Direct employment (Scenario 3)



The growth figures for the subsectors, while all positive, differ from each other slightly. Under our high growth scenario 3, Expression and Technology see the greatest percentage improvement in numbers employed. The impact on employment on scenario 1, the promotion of networks, is considerably less than those for scenario 2 (shown below). Amongst the subsectors, Creative Technology see the promotion of networks playing a minor role compared to the promotion of exports in the boosting of employee numbers over the next 10 years.

Figure 12: Employment growth (Scenario 2)



The relative figures in the above graph show the importance of the Creative Technology subsector in creating employment in the Western region.

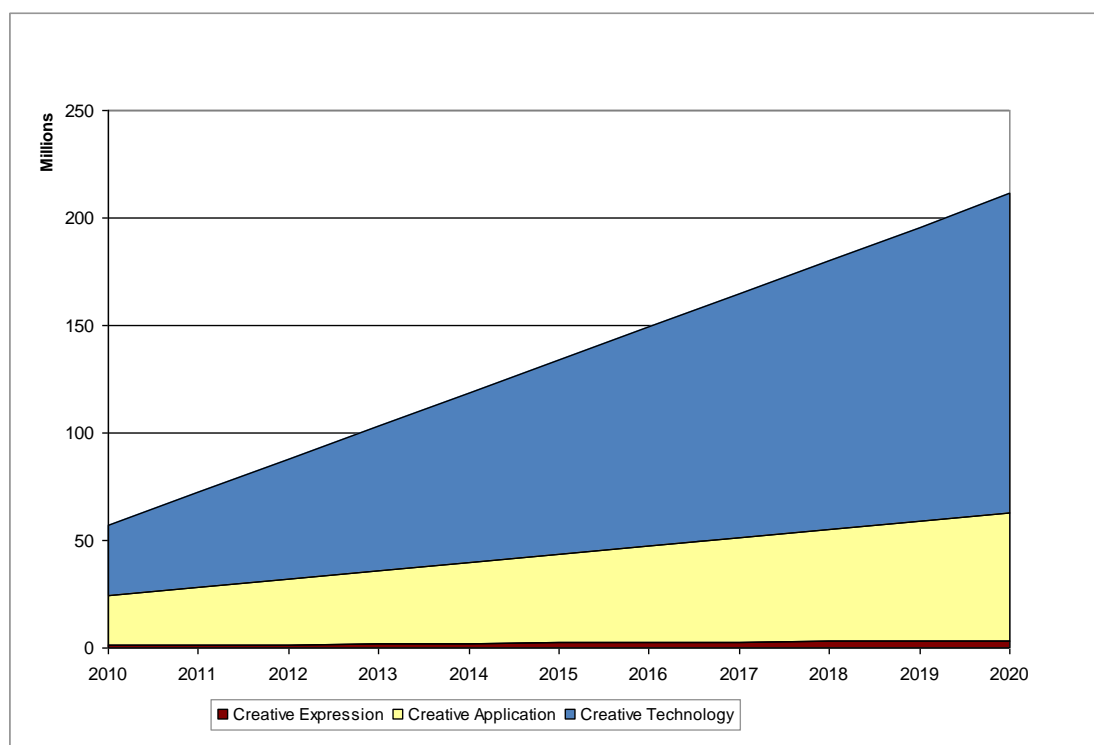
5. 5 Exports

The exporting potential of the creative sector in the West of Ireland has been identified as one of the most under-utilised aspects of the sector, and given its unique cultural heritage, the region. Status quo figures show exporting figures, while strong, are overshadowed by other sectors in the region, medical devices, agriculture, other services etc.

The figures for tourism in the region serve as a proxy for the international demand that exists for the Western region of Ireland. The creative sector is intimately bound with the West Ireland experience. The output of this sector, more than any other, is intertwined with the unique geography of the western region³¹. For these reasons as well as others already cited (changing nature of demand in the move towards the experience economy) the obvious potential is for growth in the amount exported by the sector from the west of Ireland.

Figures bare this out this out. Under the high growth scenario, rates of percentage increase over the ten year period are highest for the technology and expression subsectors. The latter of which sees the demand for the unique Irish product fuelling international demand.

Figure 13: Export Growth (Scenario 3)



³¹ For more on this see Collins and Fahy (2010)

Not surprisingly, respondents predict a relatively greater impact on exports from export policies than from network policies. However, it must be stated the sector as a whole recognises that the promotion of networks themselves are very beneficial for the promotion of exports. Many respondents highlighted the complementary nature of network and export promotions. The disparity between absolute figures for the region could be addressed by more targeted policy enabling those in the creative sector look beyond their home market.

The relative under representation of the Creative Expression subsector here is an issue of concern and possibility. First, it needs to be recognised that many who populate the sector (were not targeted by the survey) do not embrace commercially oriented terminology like 'exports'. Much of their wares are indeed sold to international customers, usually in the form of tourists visiting the regions shops and galleries.

5.5 Displacement

Such is the nature of the sector and the time at which this study was carried out that we contend that very little displacement will occur because of this growth. The reliance on technology to push growth will be fueled by younger companies with younger employees.

5.6 Deadweight

As already alluded to above, the nature of the sector is such that positive growth is predicted in the absence of any policy intervention. The net impact relates to the net additional growth under the three scenarios relative to the 'do nothing' counterfactual position (Scenario 0), as defined by above.

Adjusting gross impacts for the presence of deadweight is displayed below. The net change or deadweight effect in terms of Sales in 2020 is a fall (in direct terms) of €310 million while in terms of employment it represents 12,178 jobs.

Impact of growth Scenario 3 net deadweight

	Sales 2020 ``	Employment 2020
Growth (net deadweight)	€338 million	17,542

6. Policy recommendations

6.1 Introduction

The results of the scenario analysis speak to the policy imperative regarding the creative sector in the west of Ireland. Including deadweight and (minor) displacement the growth patterns under proposed policy measures are very strong. This sector stands to grow in absolute and relative terms under tier 1 recommendations of the Creative West report. From the enterprise perspective, increasing scale in the region can be achieved through network and export promotion in the shape of platforms as detailed in the above report. Taking this as read we wish to relay policy recommendations gleaned from our extensive consultation with a number of key actors in the creative sector.

6.2 Creative policy in Ireland

A tax exemption on Artists income was the primary policy support for the Irish Arts sector. Internationally in recent years the potential economic and social benefits of creativity was beginning to gain currency. The publication of Richard Florida's 'The Rise of the Creative Class'³² built on previous work by Charles Landry and explicitly stated the importance of culture and creativity to the social and economic development of places. Both authors cite the positive feedback loop behind investment in culture and creative industries which in turn makes a city/region more attractive to the creative classes which in turn boost the creative sectors within those cities and regions.

Ireland suffers from the lack of a coherent national policy or strategy for the creative sector. Policies exist for many of the individual creative industries which make up the creative sector, but a coherent voice for the sector itself is lacking. As a result there is a lack of clarity that sees different creative enterprises falling under the remit of a number of Government Departments and State Agencies with little integration. No single Department has overarching responsibility for the sector, enterprises work under a combination of departments from Enterprise, Trade and Innovation, Communications, Energy and Natural Resources to the Department of Tourism, Culture and Sport.

Under the Departments are the State Agencies (see map below): the Arts Council, the Crafts Council, Enterprise Ireland, County Enterprise Boards and the Irish Film Board. Recent policy developments in Ireland have been:

- The Enterprise Strategy Group (2004), established by DETE to devise a 10-year enterprise strategy for Ireland, included a series of sector-specific recommendations for enterprise development. These included recommendations for Creative Services (considered to refer only to Design) and Creative Industries (considered to refer only to Entertainment and Media services). The recommendations of the group were to establish a creative design hub/creative lab, expand the skills base, improve broadband infrastructure and cost, increase overseas marketing, invest in non-technological R&D and establish specialist funding streams³³.
- The Innovation Taskforce (2009) set a fundamental principle as the establishment of 'an education system which fosters independent thinking, creativity and innovation . . .' This, along with the Smart Economy document, marks something of a turnaround for Irish policy. In the past policies aimed at the promotion of a cultural agenda in Ireland were little more than tourist policies³⁴

While subjected to much criticism the rate at which the creativity thesis has been adopted by policy makers the world over is noteworthy. Recent reports in Ireland such as the Smart Economy document, the Creative West report (WDC, 2009) and the promotion of the Cultural Odyssey (Dermot Desmond³⁵) are evidence that the creativity thesis has finally arrived on Irish shores.

6.3 Further Consultative Findings and Recommendations

³² Florida (2002)

³³ White (2009)

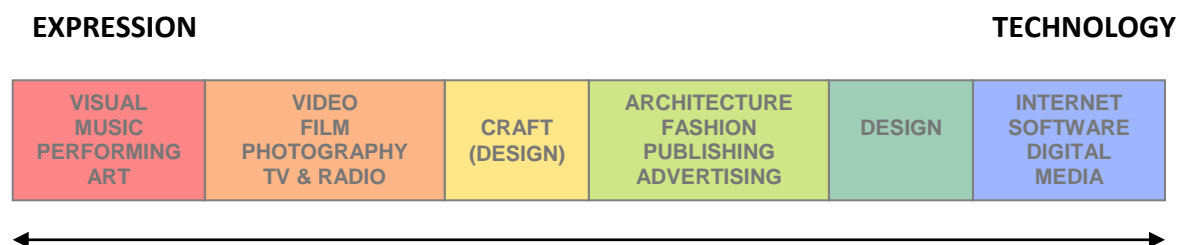
³⁴ Bayliss, (2004)

³⁵ <http://www.irishtimes.com/newspaper/frontpage/2009/1205/1224260147761.html>

Over the months of August and September 2010 a series of interviews were carried out with a number of representatives of the Creative Sector³⁶, and from them many policy points became clear.

- The evidence of little or no joined up thinking on how to develop the sector nationally and the implications that this has on regional action, such is the 'top down' nature of many of these organizations.
- There is consistent lack of clarity on the role of agencies with regard to the development and support of creative businesses. The special position of the creative sector and its link to the future creative/smart economy has not been fully explored and as a whole does not have suitable funding mechanisms or partnerships in place. That said there are emerging some initiatives that are attempting to form new relationships and partnerships, and could be explored further to establish a new framework sufficient to fully support and develop creative industries.

A main barrier to assisting the sector lies in the difficulty in conceiving it as finite sector. The creative is a diverse and broad group at its most basic. This brings with it individual and different needs ranging across the spectrum from expression to technology.



Policies that aims to develop the sector must take into account this diversity and should be sufficiently open or adaptable to be able to address the needs of the individual sub sector or industry without discounting the potential for cross over and mutual benefits that may exist between them.

- Another are in need of redress concerns the small scale operations that dominate the sector. There is an urgent need to fill the gap in support for in the initial growth cycle of start-up creative enterprises. Currently such businesses are not being facilitated sufficiently by agencies or private directives and finance (apart from perhaps software development). This is becoming a major barrier to the development of potentially successful creative enterprises. Filling this gap could be aided by assigning a clear strategy and agency focus on micro business start ups but would also involve some form education within agencies to fully understand the nature of each subsector and their specific business development needs. It may also require the introduction experienced personnel to agencies who have a deep understanding and knowledge of the inherent nature of creative businesses and who may be able to facilitate new partnerships and development strategies. This reconfiguration is a very important step in changing the involvement and scope of agencies with the creative sector. For example most creative businesses do not follow a traditional enterprise growth pattern; they may have a more organic type growth spread over many years and may remain in a static growth cycle for long periods of time which is at odds with nearly all development trajectories in place at present and hence support.

³⁶ See Appendix

Entrepreneurs & Sales Focused Companies held in Sligo, where he discussed at length the areas for potential growth in Irish companies.

7. Conclusion

The economic impact of the Creative sector in the West of Ireland is significant. That said, it is the growth of the sector that warrants real attention. In an economy that is looking for answers, the above predictions can provide some solace for those concerned with the region's prospective development. The possibility of having direct employment in this sector reach nearly 30,000 persons in a ten year period under the scenarios listed is one worthy of note. This impact assessment has been conservative, it has excluded many parts of the sector and assumed an low economic multiplier by international standards, yet 40,000 of the same caliber of those employed in it today makes for a massive impact in economic, social and cultural terms.

This point is crucial, because as impressive as the figures presented in this report are, one must remember that an economic impact assessment is only one of many tools to evaluate the value of the creative sector. The west region also draws intangible benefits from the creative sector that are difficult if not, impossible to measure directly. The *option value*, creativity benefitting residents even if they do not participate directly, the *prestige value* that maintains a regional cultural identity or contributes to a region's sense of place, or the *educational value* that helps foster local creativity and bolster the aesthetic³⁷.

The scenarios that predict this growth were laid out in the Creative West document. In our analysis of enterprises in the sector the potential positive effects of these scenarios are made obvious by the predicted growth trajectories with them in place. A point of clarity is also needed here. While we have set up two scenarios (networking policy and exporting policy) this is for the purposes of enquiry only. The fact is that the two are highly interrelated. Pursuit of one in absence of the other will ultimately have a lesser effect of growth rates. They are complementary and should be seen as two connected stages in the development of the sector.

This report set out to gauge the possible impact of the tier 1 recommendations of the Creative West report. In the first instance the above results speak to the validity of the initial report. Results that relate specifically to exporting and networks of practice show the imperative and degree of return on investment in such supports for the sector in the Western region. Such is the current economic climate, investments (be they private or public) are looking for rates of return. The scenarios modeled above depict the degree of return for remedial actions.

This impact assessment demonstrates that the creative sector's economic contribution to the region is significant and, by extension, that it enriches its social and cultural capital. With this in mind, the region should turn its attention to estimating the costs of not investing in the creative sector. What are the quality of life implications of a place that neglects its culture? How will it look to outsiders (tourists and business investors) if it fails to combine natural talent with a growing economic sector? What of its lived environment? Without a

³⁷ Canada EIA

vibrant local industry, one as forward looking (in terms of conservation and innovation) what will appeal to the youth to stay in the region and help build its economy, society and community.

Default Question Block

We thank you for taking the time to complete this short survey. Again, all answers will be anonymous.

Which of the following sectors does your business operate in?

- ☐ Advertising
- ☐ Architecture
- ☐ Art or Antiques trade
- ☐ Crafts
- ☐ Design
- ☐ Fashion
- ☐ Digital Media
- ☐ Internet and Software
- ☐ Music, visual or performing arts
- ☐ Publishing
- ☐ Radio and TV broadcasting
- ☐ Video, film and photography
- ☐ Other creative industry (please specify)

To give us a better understanding of your organisation's make up, please tell us to what extent you agree or disagree with the following.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
We carry out projects with other organisations	■	■	■	■	■
We are an innovative organisation	■	■	■	■	■
We carry out employee training	■	■	■	■	■

Please state the number of PERSONS EMPLOYED in your operation (including yourself) at the end of 2009

Full-time

Part-time

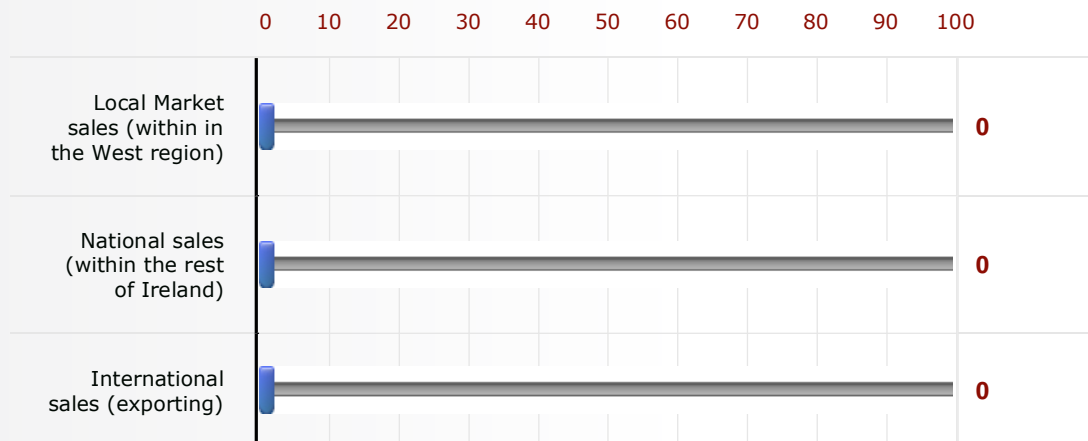
Please state the LOCATION of your organisation within the west region

County

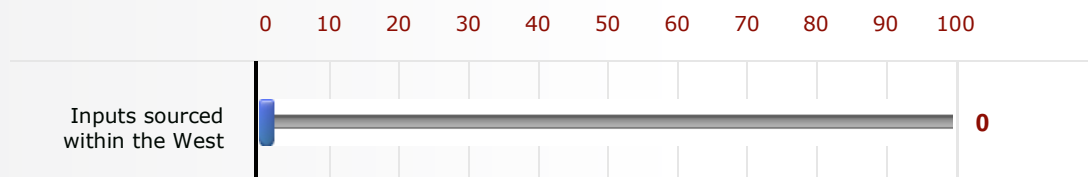
Area

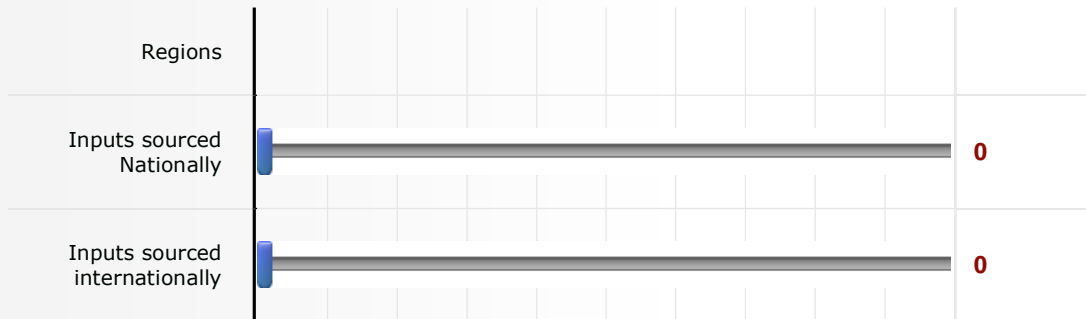
Please state an estimated value for your total SALES in 2009

To the best of your knowledge, please estimate what percentage of your 2009 total sales were derived from:



To the best of your knowledge, please estimate what percentage of your 2009 inputs were derived from:





Have you exported in the past 5 years?

☒ Yes

☐ No

If you have not exported, which of the following reasons best describe why?

☐ Our local market is sufficient

☐ I/we operate in a domestically oriented business

☐ I/we face barriers to export

☐ Other (please elaborate)

Please rate the following BARRIERS TO EXPORT on a scale of 1 to 5?

	1. Minor barrier to export	2	3	4	5. Major barrier to export
Informational: limited information to locate/analyse markets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Functional: lack of managerial time to dedicate to exports/ shortage of working capital to finance.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Marketing: Adapting and selling product in different market, lack of reliable foreign representation/distribution channels.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Procedural: unfamiliar with procedures/ paperwork	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Government: lack of state					

assistance at regional / national level



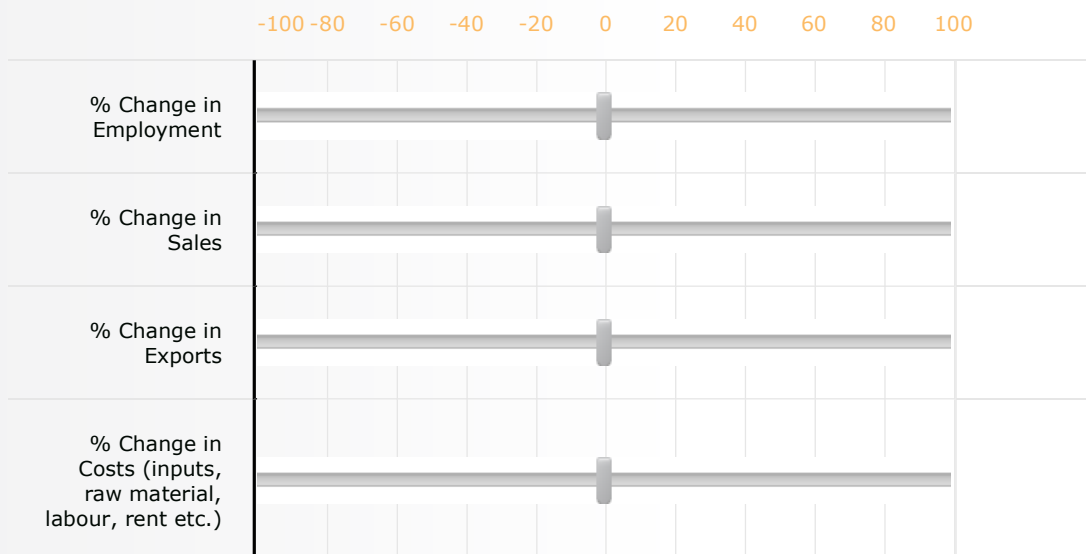
Environmental: Lack of sufficient infrastructure / high tariff barriers



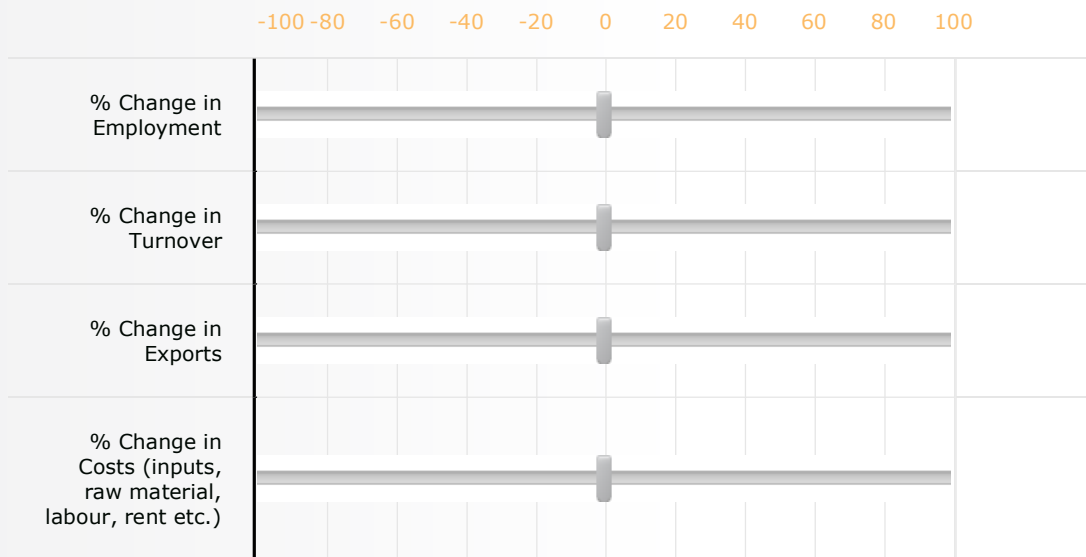
Please rate the following ROUTES TO MARKET you may choose on a scale of 1 to 5?

	1. Minor route to export	2.	3.	4.	5. Major route to export
Personal networks: make use of persons known to you their experience operating in external markets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
An export platform for the region: Including branding of the west region and web based portal for product display	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
State support: Use state bodies for financial and procedural support	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private networks: Hire industry experts / consultants to explore and identify new market opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

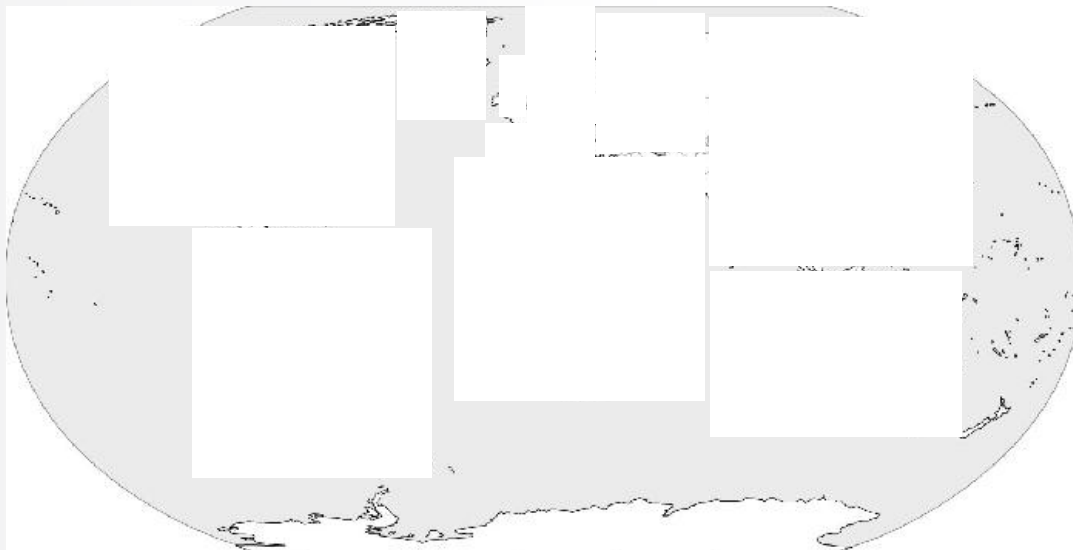
From 2007 to the end of 2009 estimate the following in terms of percentage change



Use the chart below to estimate your GROWTH PROSPECTS for 3 years hence?



Please highlight your main export regions for 2009



Please indicate to what extent the proposed policies might impact on your operation's exports.

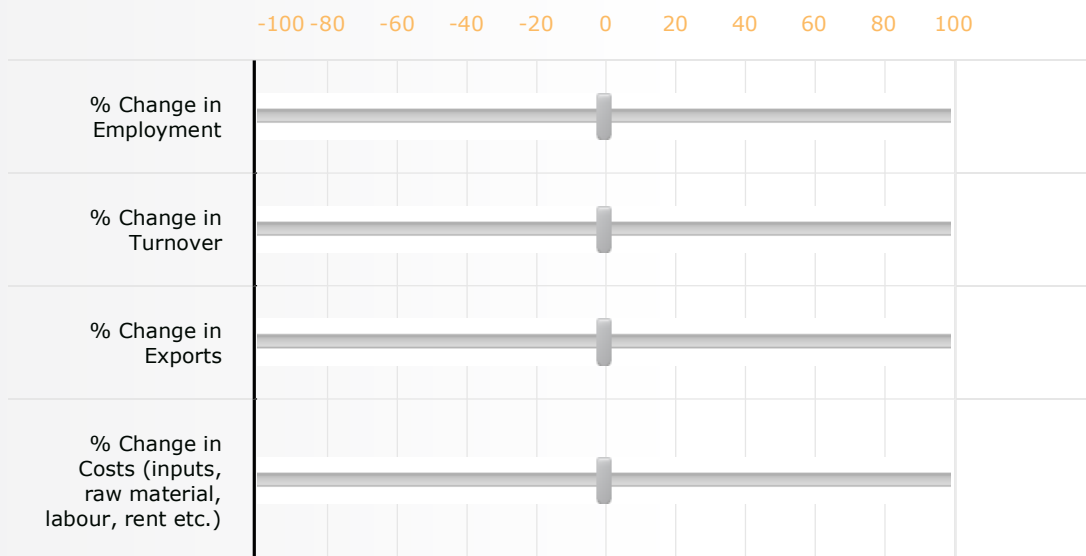
No impact on

Moderate

High impact

	growth	Little impact	Some impact	impact	on Growth
A promotion campaign for attracting creative people/businesses.	■	■	■	■	■
A branding exercise that highlighting existing creativity	■	■	■	■	■
Championing; using an internationally respected promoter of the region.	■	■	■	■	■
Showcasing events; awards schemes etc.	■	■	■	■	■
Encourage public sector procurement	■	■	■	■	■

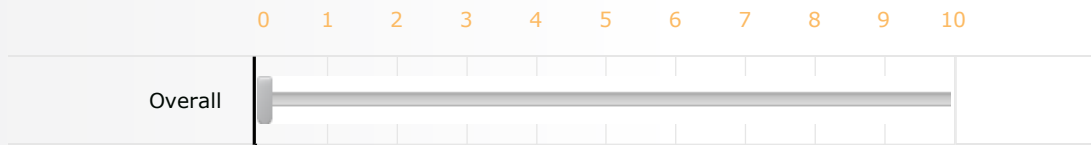
Were it a case that all the above recommendations were implemented, how do you feel it would impact on your organisation regarding the following?



Beyond those listed above, please state other ways to promote exporting by firms in your sector/ region.

There are many who feel that NETWORKING has positive business outcomes through the sharing of ideas, overcoming similar obstacles and the diffusion of knowledge.

On a scale of 1 to 10, 1 being very little, 10 being a great deal, how much do you Network?



Please state the top 3 organisations (individuals/companies/supporting institutions) with whom you network the most.

Number 1

Number 2

Number 3

Locate those organisations with whom you network most



Do you feel that networks work better if they are

- ☒ Informal (based on personal ties / grow organically)
- ☒ Formal (organised by an industry body)
- ☒ Both informal and formal

Do you feel networks work better if

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
They involve other organisations in the same sector as you	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
They involve other organisations outside your sector	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
They have fewer organisations and stronger ties	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

They have many organisations and weaker ties



Barriers exist to networking.

Please rate the following statements.

I/we consider networking a waste of time	<input type="text"/>
I/we think that networking compromises our competitiveness	<input type="text"/>
Our geographic location is a barrier to networking (too remote)	<input type="text"/>
I/we would be able to network on-line if we had better broadband access	<input type="text"/>
Networking is easier if it is facilitated by a network leader (public)	<input type="text"/>

Enablers of networking.

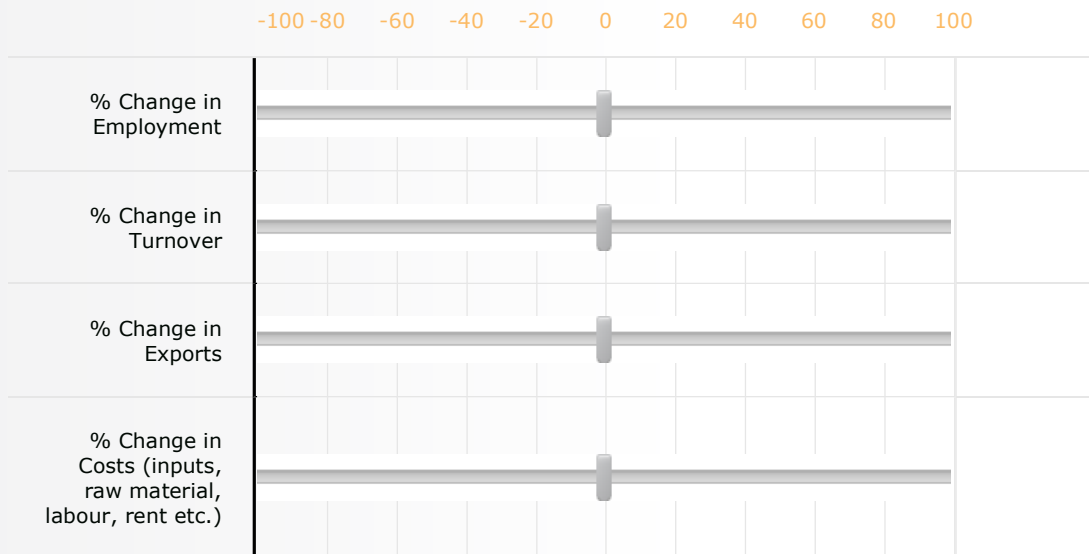
On a scale of 1 to 5 (1 being no impact, 5 being a significant impact) what effect would/do the following have on your networking



Please indicate to what extent the proposed policies might impact on your operation's growth potential.

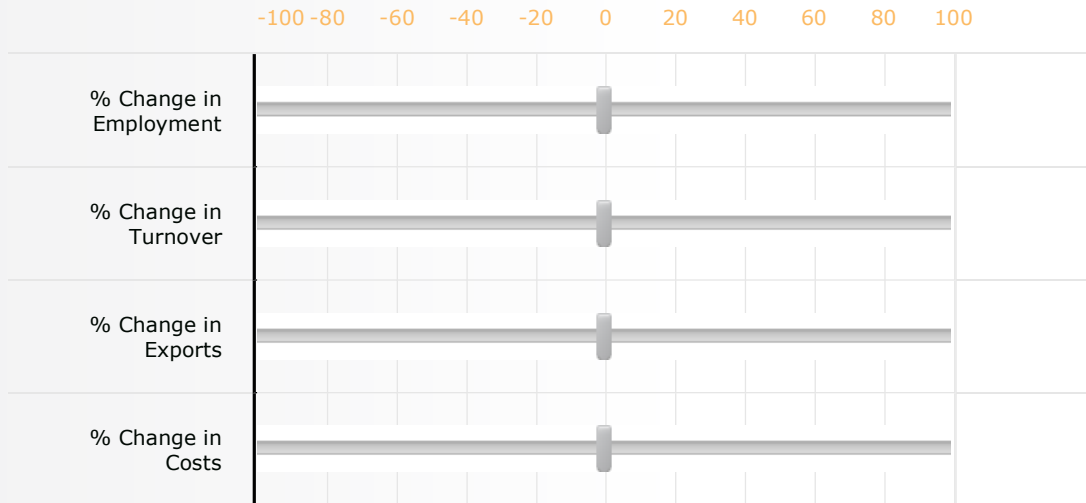
	1. No impact on firm growth	2	3	4	5. Major impact on firm growth
Workshops on particular topics across the region	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
A design challenge event	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Public showcase event	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
International visit to witness best practice	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Create formal networks where market demand dictates (e.g. digital media)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Were it a case that all the above recommendations were implemented, how do you feel it would impact on the following?



Beyond those listed above what would you feel would promote networking in the your sector and region?

How do you see the creative economy developing over the next 3 years in the West of Ireland?



We would like to thank you for your co-operation. **THIS IS THE FINAL QUESTION.** The results will be correlated and compiled into a report. If you wish to receive a copy of this report or have any further questions please fill in your contact details below. All answers will be anonymised.

Again, thank you.

Name	<input type="text"/>
Address	<input type="text"/>
Contact (email)	<input type="text"/>
Query (if any)	<input type="text"/>

Appendix 3 Scenario analysis and baseline figures

Scenario analysis is a process of analysing possible future events by considering alternative possible outcomes (scenarios). The rationale for scenario analysis is to allow improved decision-making by allowing more complete consideration of outcomes and their implications.

Scenario analysis is widely used in the formation of economic impact assessments. It allows more robust forecasting by attaching probabilities to outcomes. For this report the choice of scenarios were determined by the tier 1 recommendations of the Creative West report.

The survey acts as our main gauge for scenario analysis. Owing to the lack of established data at the regional level, using economic modeling was not a viable option. For that reason we used the survey to question the creative firms regarding their own perceived outcomes.

A number of measures were taken to ensure methodological robustness:

- Members of the team were brought to Galway to contribute to the survey formation. We made use on national and international expertise in constructing the survey. Previous surveys carried out by members of the team (including that of VanEgeraat, Granger, Leyden and Collins) provided vital grounding.
- A number of qualitative interviews with key actors in the Western regions creative sector also informed survey formation. (This level of consultation helped the team decide that for the survey to best fit with the goals of the project an explicit commercial focus was necessary – thereby excluding a significant part of the Creative Expression subsector).
- Piloting. An initial draft of the survey was sent to two representatives of each subsector. Comments were logged via email.
- One to one consulting. In an effort to ensure best reach, members of the team talked through the survey with a representative from each sector.
- The Survey went live on the 26th of August 2010 and was emailed to each of the 232 representative sample.

Through the use of a survey we questioned respondents as to the potential impact on their growth of Tier 1 recommendations. The survey explicitly listed those recommendations for both exports and networks of practice before asking the respondents to rank the potential impact of those policies on the respondent's sales, exports and employment levels. Answers were expressed as a percentage. In an effort to ensure that answers were grounded (not overly optimistic) two supporting questions were placed in the survey to gauge the disposition of the respondents. These acted as a weight for grossing up of the final figures for the whole sector.